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# ***CENTRAL EURASIA***



# FBIS Report: Central Eurasia

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## ARMENIA

### Briefing Highlights President's France Trip, Shevardnadze Appeal

944K0360A Yerevan RESPUBLIKA ARMENIYA  
in Russian 3 Nov 93 p 1

[Serob Oganyan report: "A New UN Security Council Resolution May Be Expected"]

[Text] Aram Abramyan, press spokesman for the president of the Republic of Armenia, devoted yesterday's briefing to three issues: the working visit by an Armenian delegation to France, events in the field of the Karabakh-Azerbaijan confrontation, and Yerevan's official position in connection with the well-known appeal of E. Shevardnadze, head of the Georgian state.

"Both official and public circles of France have a lively interest in the newly formed Armenian state and its people. The frequent meetings of the presidents of Armenia and France, during which both leaders expressed a desire and readiness to develop relations, are live testimony to this," A. Abramyan said.

The press spokesman went on to mention the visits of Vice President Gagik Arutyunyan and Vice Premier Vigen Chitechyan which preceded the recent trip of the president of the Republic of Armenia to France.

Thus V. Chitechyan had meetings with UNESCO Chairman Mr. Mayor and representatives of the Government of the French Republic. Specifically, questions connected with the fuel and energy complex were discussed. M. Shishmanyanyan, minister of fuel and energy of the Republic of Armenia, was also a member of the delegation of ministers of energy of the CIS countries in Paris, incidentally.

As Mr. Abramyan observed, positive changes are occurring in the Armenian communities, in the French community in particular. Thus during his visit Vice President G. Arutyunyan witnessed how a number of Armenian organizations of France had united in the Armenian Forum—a nonparty organization.

"The party approach and party thinking and behavior have, in my opinion, become a political rudiment. I got this impression during the delegation's meeting with representatives of the communities also," the press spokesman observed.

Mr. Abramyan then dwelt on the Karabakh issue, noting that the events of recent days had shown that Azerbaijan was not prepared for truce negotiations. And whereas a year ago, when Azerbaijan had military successes, this might have been understood, other reasons should be sought now. The press spokesman advanced the following versions—despite the fact that G. Aliyev has been elected the legitimate president, the internal political situation in the neighboring country is still far from normal, and the Karabakh card is seen there as a method

of resolving internal contradictions. The second version: the CSCE should be operating more assertively and consistently, in A. Abramyan's opinion.

"President Levon Ter-Petrosyan read out at a news conference in Paris Armenia's official position in connection with E. Shevardnadze's appeal also. Armenia is prepared to make all political efforts for a normalization of the situation in Georgia and the uninterrupted operation of supply lines. When political stability is established in this country and if at this time the Georgian authorities once again request of Armenia the protection of supply lines, the Republic of Armenia would then be prepared to ensure the safe transportation of freight in conjunction with the Georgian side," A. Abramyan declared.

A meeting of the UN Security Council, at which the question of the situation on the Karabakh line of confrontation was raised, was held recently. To a question from a RESPUBLIKA ARMENIYA correspondent about what was known of its results, Mr. Abramyan replied that the adoption of a new resolution may, most likely, be expected in the near future.

### Speaker Details Parliamentary Debate on Privatization

944K0360B Yerevan RESPUBLIKA ARMENIYA  
in Russian 2 Nov 93 p 1

[Dmitriy Pisarenko report: "There Is No Parliamentary Crisis"]

[Text] At the start of his news conference last Friday the speaker of parliament analyzed in detail the situation in the Supreme Council which came about in the course of discussion of the question of revisions to the Law on the Privatization of State Property and Incomplete Construction Projects. B. Ararktsyan observed, in particular, that two opposite opinions had been formulated in the approach to this question. The Armenian National Movement faction proposed denationalization by the method of the speediest introduction of market mechanisms, but the alliance of communists and Dashnaks campaigning for preservation of the command-administrative regulation of the economy in fact blocked the proposal. "A determining role on this issue was performed also by the position of the parliamentary Commission for Economic Independence and the Development of the Economy, which shared the viewpoint of the conservatives," B. Ararktsyan said. According to him, however, premature conclusions should not be drawn since only 145 deputies were present at the sitting of parliament on the day of the debate, which predetermined a vote in support of the position of the Dashnak-communist alliance (110 votes "for").

"I am sure," B. Ararktsyan observed, "that the majority of deputies support radical reforms in the economy and I hope that the special session will show this" (the special session, we would recall, assembled yesterday and adopted the addendum—D.P.).

Evaluating the actions of the Armenian National Movement faction, which walked out twice during parliamentary business, B. Ararktsyan said: "In parliamentary practice such a step is recognized as a perfectly normal form of struggle, and it cannot be considered the reason for the failure of the sittings of the Supreme Council. We would recall the number of occasions on which business was suspended at the time of similar actions on the part of the National Union (Dashinka). This is not a reason for opinions concerning a parliamentary crisis. There is no parliamentary crisis. There is normal political struggle," the speaker summed up.

In respect to the fruitlessness of the recent by-elections to the Supreme Council it was observed at the news conference that continuing such measures was inexpedient: "By-elections make no essential changes to the political apportionment of forces. Moreover, according to the letter of the law, as of May 1994 (exactly a year before the next parliamentary elections) the Supreme Council is to operate without replacements."

Concerning the question of the constitution, B. Ararktsyan once again confirmed the need for early parliamentary and presidential elections in the event of its adoption in the near future. "But this process is being dragged out. Aside from the Armenian National Movement, no party or public organization has yet presented a form of discussion of the draft constitution, when, according to the preliminary agreement, these proposals were to have been received by the Supreme Council Presidium long since. I believe," the speaker continued, "that parliament will, nonetheless, devote a week to this problem before the end of the current session and that we will finally determine the form of discussion of the draft basic law."

And the final point. The question of the danger of Armenia's loss of state independence in the light of the external integration processes within the framework of the CIS was heard at the news conference. "The leadership of the republic and parliament will make every effort to ensure that the results of the national referendum remain permanent. No one has the right to ignore them," B. Ararktsyan observed. "As far, however, as the economic cooperation of the CIS countries is concerned, such integration should not be considered detrimental to our state independence. According to the chairman of the Supreme Council, such misgivings were realistic prior to the October events in Moscow, when there were open calls from the White House for restoration of the Union. Nor did B. Ararktsyan rule out the fact that certain agreements might have been reached on this matter at the time of A. Rutskoy's meeting with a Dashnaksutyun ARF [Armenian Revolutionary Federation] delegation.

#### **Embassy Clarifies Aid To Be Given to Armenia's Russians**

944K0361A Yerevan RESPUBLIKA ARMENIYA  
in Russian 3 Nov 93 p 1

[Unattributed article: "Parishioners of the Russian Church and Members of Cultural Associations To Be Given Food As Aid"]

[Text] In connection with the recent decision of the Government of Russia to send 30 tonnes of food to Armenia as humanitarian aid for the "Russian population," the Embassy of the Russian Federation in the Republic of Armenia considers it its duty to clarify that this aid is to go to critically needy citizens of Armenia and Russia who are parishioners of the Russian Orthodox Church and members of the cultural associations ODA, Harmony, and Rossiya, a RESPUBLIKA ARMENIYA correspondent was told at the Russian Embassy in our republic.

Since this aid is through state channels it will be distributed through the coordination committee of the aforementioned organizations with the embassy's participation.

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Yesterday aid was delivered to Yerevan by airplane. Knowing beforehand of the forthcoming act of goodwill, the Embassy of the Russian Federation in Armenia went a week ahead of time to the leaders of the societies and proposed that they create a central commission for distributing the cargo.

As a RESPUBLIKA ARMENIYA correspondent was told in the Embassy of the Russian Federation, this proposal was accepted readily and the Russian Orthodox Church, the Rossiya Society, the MTsRK [expansion not indicated] Harmony sent representatives. The fourth organization that unites Russians in Armenia, ODA, paid no attention to this proposal.

#### **Deputy Agriculture Minister on Privatization Progress**

944K0361B Yerevan RESPUBLIKA ARMENIYA  
in Russian 2 Nov 93 p 2

[Interview with Misak Azaryan, deputy minister of agriculture of Armenia, by unidentified SNARK correspondent: "Privatization of the Land: To the Full Extent of the Law"]

[Text] A SNARK correspondent asked the deputy minister of agriculture of Armenia, Misak Azaryan, to answer a couple of questions related to privatization of the land.

[SNARK] Everything new that breaks down the old mechanisms begins with the law. How do you assess the land reform adopted by the Supreme Council? I am asking this question for a specific reason because more and more frequently one hears and reads that our parliament has been too hasty with this matter!

[Azaryan] If you take into account the situation that has developed in the republic and people's psychology, which was borrowed from the past and which the authorities could not but take into account, and also the opinion of foreign specialists—the Law on Privatization of the Land, in my view, stands up under the harshest criticism. Of course you cannot consider it ideal because



the ideal exists only in the imagination. We entrusted a little bit more than we should have to the conscientiousness of the population, and therefore on the organizational plane we did not do everything possible to make sure that in practice the law would be implemented in compliance with its provisions.

Many scholars, specialists, and even deputies who worked on the creation of the draft of the land reform have now forgotten its fundamental tenets and, interpreting them one-sidedly, draw conclusions to the effect that this important legislation was adopted in haste, and they have placed the blame for the failure of the kolkhozes and sovkhoses here. And yet one of the fundamental provisions of the law establishes the right to a voluntary choice of forms of management, right down to granting the possibility of preserving the status of the kolkhoz.

Although I have called the Law on Privatization of the Land extremely successful, it could have been better if when discussing and adopting it the parliament had taken into account certain regulatory mechanisms of the first version. Therefore during the course of its implementation it was necessary to adopt additional acts. The Supreme Council made a number of amendments to the law and the government adopted more than 100 decrees and resolutions regarding the mechanism for implementing the land reform.

[SNARK] And now perhaps something about the course of privatization and its characteristic features.

[Azaryan] A great deal of preparatory work was done before the land reform began to be discussed. In particular, the quantity of land was clarified. We figured out the real areas and plots of land that were on the balance sheets. In places where this work was conducted seriously and scrupulously there were almost no problems. But when one person was given more land and another less—we were in trouble, as they say, up to our ears. For example, during the initial period of privatization things were going poorly in Krasnoselskiy, Vardenisskiy, Martuninskiy, Ashtarakskiy, and a number of other rayons, and we are still trying to rectify the situation. And such a pernicious practice as concealing reserves—the sad legacy left to us from the past—is still being manifested not only with respect to land, but also with respect to livestock.

I must also note the low level of the business correspondence and the filling out of documentation by local land reform and privatization commissions. In our republic we have 1,331,100 hectares of agricultural land. So far meadows and pastures and land of purely specialized farms, scientific research institutes, higher educational institutes, and breeding farms are not subject to privatization. And more than 90 percent of the land that is subject to destatization has already been privatized. I am an optimist and I think that in the near future this will produce good results, but under the condition that the

fuel and energy problem is resolved. The prices of agricultural products will also be lower.

Speaking of the kolkhozes and sovkhoses, there are practically none in existence any more. Only one kolkhoz remains in Razdanskiy Rayon, but it too has announced that it will disband. As of 1 January of this year there were 277,700 peasant farms and 4,100 collective peasant farms in operation in the republic.

But, unfortunately, there is a tendency toward disintegration of collective farms. And the reasons for this phenomenon are the defects in the mechanism for creating them whereby members of the farm do not have a clear idea of the measure of their labor participation in the collective, the amounts of their property share, their share of the profit, etc.

[SNARK] Privatization of the land has generated many problems that have caused dissatisfaction among the peasants. Understandably, it is impossible to discuss all of these problems in a brief interview. Please indicate the main ones.

[Azaryan] They include, first of all, the use of water. We have not yet properly arranged water supply for areas of land; in certain cases there is too much irrigation water and in others there is not enough. Many irrigation facilities need updating and capital repair. There is a critical shortage of fuel and energy resource which I have already mentioned in passing. Because of the low procurement prices the peasants are refusing to sell agricultural products to the state and prefer to sell them through the market.

I feel that it is necessary to accelerate privatization and destatization of other branches of the agro-industrial complex: hothouse facilities, the food industry, the sphere of services, and particularly such large associations as Agroservis and Armplodorodiye, and also initial processing of agricultural products.

Privatization of agricultural land on the scale stipulated by the Supreme Council is approaching completion. But if one is to look at the larger picture, this process, in my view, is lengthy because it forms new land relations and is expressed in the form of an overall land reform.

International experience shows that in general privatization and destatization are a continuous process and, depending on the level of development of one state or another, there is a constantly arising need to conduct it in various spheres and areas of the economy, just as there is a need for the reverse process—collectivization and nationalization.

The republic must create the corresponding state structures which would conduct these processes. It is gratifying that in our ministry, by a government decision, we have created a main administration which is to handle questions of the agrarian reform, including privatization and the land reform.

### Armenia Begins Fall Conscriptions

944K0361C Yerevan RESPUBLIKA ARMENIYA  
in Russian 2 Nov 93 p 1

[Unattributed article: "Autumn Recruitment Begun"]

[Text] The autumn recruitment into the national army began in Armenia yesterday. As the state minister of defense, Vazgen Sarkisyan, who heads the republic recruitment commission, said, "The future of Armenia depends on this year's recruitment."

A SNARK correspondent was told by the republic Ministry of Defense that some of the recruits will be sent to subdivisions of the Russian Army stationed in Armenia and also Russian border guards guarding the borders with Turkey and Iran.

According to information from foreign military specialists, the National Army of Armenia, which began to form a year ago, is now the most powerful in the Transcaucasian Region.

"We have done everything possible to fulfill the autumn recruitment quota by 100 percent," Prime Minister Grant Bagratyan said recently. In his words, "in the next few months the National Army of the Republic will be fully supplied with uniforms and everything necessary."

### International Assistance Sought for Armenian Prisoners in Azerbaijan

944K0398A Moscow NEZAVISIMAYA GAZETA  
in Russian 27 Nov 93 p 3

[Article by Liana Minasyan: "Armenian Hostages in Azerbaijan Are Threatened With Death: A Commission of the Supreme Council of Armenia Asks That International Organizations Intercede"]

[Text] A Supreme Council of Armenia special commission for issues of Artsakh has once again released information it has on the detention of Armenian prisoners and hostages in prisons in Azerbaijan. As a statement by the commission said, most of these people "were taken hostage in spring and summer of 1991 by units of the Soviet Army and Azerbaijan OMON [Special Purpose Militia Detachments]. They have been subjected to systematic torture. They have been convicted in criminal cases brought against them and sentenced to capital punishment in Azerbaijan." In July 1992 a builder of a settlement for refugees, Yu. Dzhangiryan, died under torture in prison in the city of Agdam, in September 1993—a physics teacher from the village of Bertadzor and father of four, A. Mkrtchyan, and in October—A. Avanesyan, who was abducted by the Azerbaijani militia in the city of Mineralnye Vody. A functionary of the UVD [Internal Affairs Administration] of Nagorno-Karabakh, G. Shakhbazyan, and two civilian hostages, V. Verdiyev and Yu. Gulyan, were named as having died under torture in prisons and investigative detention facilities in Azerbaijan.

According to data available to the commission, at present the same danger looms for other prisoners sentenced to death who are being held in prisons to which representatives of international human rights organizations have been denied access for two years now. The commission appealed to international government and nongovernment organizations that everything possible be done to save the lives of the residents of the village of Bertadzor sentenced to capital punishment—Arvid Mangasaryan, Gagik Arutyunyan, Grachya Petrosyan, and Garnik Arustamyan, and resident of the village of Oratag, Arkadiy Ayriyan. They are "first-generation" hostages who were taken in the course of Operation Ring. No one has seen these people since April 1992; court proceedings were held behind closed doors.

The commission is also concerned about the fate of Alena Avakyan, age nine, who was captured together with her family in the village of Matagiz, Markertskiy Rayon, in July 1992. They have succeeded in exchanging two of her relatives, but the girl's whereabouts are still unknown.

The assertions of the Azerbaijan authorities concerning guarantees of human rights, especially for those of non-Azeri nationality, were called hypocritical in the statement of the commission. The commission recalled that the authorities of the Nagorno-Karabakh Republic have been taking vigorous measures to bring back and exchange prisoners and hostages. In particular, it was due to their initiative that six Russian servicemen who had been sentenced to capital punishment in Azerbaijan were returned to Russia in exchange for 14 Azeri prisoners.

According to additional data provided to NEZAVISIMAYA GAZETA by experts of the commission, they are concerned most about the practice of abducting Armenians on trains. As a rule, the attackers are private persons who "turn in" the hostages to the authorities, which later demand that they be traded for members of paramilitary units. The latest such case involved a 17-year-old student from Kiev, Georgiy Tumanyan, who was captured a month ago on the Kiev-Tbilisi train and taken to Baku, where he was transferred to the Kobustan camp. This is happening outside the conflict zone; moreover, as a rule, the hostages are citizens of other states. In particular, after Geydar Aliyev released 29 Armenians from prisons as a goodwill gesture, through the good offices of the Red Cross, it turned out that 22 of them were from Georgia, five were citizens of Russia, and only two were from Armenia.

It may be recalled that during the first meeting between representatives of Karabakh and Azerbaijan, at which opportunities for political dialogue between them were discussed, the representatives of Azerbaijan refused to sign a proposed document concerning the fate of the hostages.

## AZERBAIJAN

### Official Confirms Weapons Deliveries From Ukraine, Russia

944K0397A Moscow NEZAVISIMAYA GAZETA  
in Russian 2 Dec 93 p 3

[Article by Liana Minasyan: "Weapons Deliveries to Conflict Zones Continue. The Ministry of Foreign Affairs of Azerbaijan Officially Acknowledges the Receipt of Military Equipment from Ukraine and Russia"]

[Text] In compliance with the agreement on Conventional Forces in Europe, the states of the CSCE are obliged to submit information on arms they have at their disposal. After the Ministry of Foreign Affairs of Armenia appealed to the CSCE and other international organizations regarding the sale of tanks by Ukraine to Azerbaijan in violation of the adopted agreements (by a decision of the Committee of Senior Officials of the CSCE of 28 February 1992, it was recommended to refrain from arms deliveries to the region of the Karabakh conflict—this was the first decision of the CSCE regarding Nagorno-Karabakh adopted even before the creation of the Minsk group for regulating the conflict). In compliance with the obligations imposed on it, in its letter No. 174 of 3 November 1993 the Ministry of Foreign Affairs of Azerbaijan reports that on 27 September 1993 the Azerbaijan Republic received from Ukraine T-55 combat tanks in a quantity of 50 units. Moreover, in its letter No. 175 of 6 November Azerbaijan gives information about additional arms and military equipment received from Russia. During July-August 1992 the Russian Federation transferred and Azerbaijan accepted under its jurisdiction the following quantities of arms and equipment that are restricted by the Conventional Forces in Europe agreement: 286 combat tanks, 842 armored combat vehicles, 346 artillery systems, 53 combat aircraft, and eight attack helicopters.

In that same letter it says that in May 1993 Azerbaijan accepted from the Russian Federation 105 armored combat vehicles and 42 artillery systems.

It may be recalled that the first transfer of weapons coincided in time with the attack of the Azerbaijan army on Shaumyanovsk and Mardakept regions in Karabakh, and the second—with the well-known rebellion of Suret Guseynov.

In order to get an idea of the figures cited, said Suren Zolyan, secretary of the special commission of the Supreme Soviet of Armenia on questions of Artsakh, it must be noted that they greatly exceed the permissible limit on arms which Azerbaijan may have according to international agreements. After the collapse of the USSR, its successors—former Union republics and now independent states—on 15 May 1992 in Tashkent signed an agreement on the maximum levels of conventional arms and technical equipment according to the agreement on Conventional Forces in Europe. The following maximum figures were stipulated for the Azerbaijan Republic: no more than 200 combat tanks, no more than 220 armored combat vehicles, and no more than 285 units of artillery. Mr. Zolyan expressed doubts about the reliability of the figures cited in the official letters. The fact is that beginning in January 1992 in Azerbaijan there were so-called unsanctioned seizures of weapons located on the territory it occupied and also the transfer of arms at the disposal of the Caspian flotilla. This process began much earlier than was indicated in the letter. There is reliable information about large deliveries beginning January 1992, and especially in May 1992. Thus there were gross violations of the agreement and protocol on the maximum arms levels signed by leaders of the republics as well as international agreements on the inadmissibility of sending arms to regions of conflict and also the agreement on Conventional Forces in Europe. Ukraine has already become a supplier of arms to the region and acted in spite of resolutions of the UN Security Council on Nagorno-Karabakh adopted effective June 1993, which also called for refraining from deliveries of weapons to the warring sides.

## ECONOMIC AND SOCIAL AFFAIRS

### 'White Book' Providing Economic Statistics to be Published

#### Reasons for Publishing Stated

94P50066A Moscow SOVETSKAYA ROSSIYA  
in Russian 21 Dec 93 p 1

[Unattributed article: "How are we Living? Professor Sergey Kara-Murza is the Compiler of the 'White Book'"]

[Text] The formation of strong factions in the Duma which do not agree with Gaydar's basic course of reforms allows us to finally carry out a long-awaited matter—publication of a "White Book" on the actual state of affairs in all spheres of the country's life as a result of two years of "shock therapy." The "White Book" is a specific genre. Its intent is to show the actual state of affairs with a minimum of commentary.

It should be said, meaning no insult, that the inhabitant of Russia is not accustomed to looking at statistical handbooks. The "architects of reform" know how to use them. Appealing to the people for a suicidal project for ruining the country, they resorted to such a blatant lie that it seemed reckless.

Today the rulers have become wiser and they are not relying on our laziness. They have made the statistics themselves almost inaccessible. The usual handbooks are not published, the yearly results are not provided openly, there are no plans, and the government is not giving its yearly summary report to the Council of Ministers. Reliable information on the state of the country, how we are living, what we are being fed, is trickling down very stingily. In such conditions it is easy to manipulate our opinions: when it is necessary to embellish reality, when it is necessary to intimidate us. Thus G. Popov states that nutrition of the Russians has practically not become worse, then he is frightened by "hunger riots" and promises to confront them with artillery and aviation. In the instance of such a disturbance it is necessary to gather and publish believable information on the most burning questions—the "White Book."

Of course, this is not a newspaper's matter. But we can begin this work, present questions, give one or two illustrations for each of them, and find the most intelligible form. We will set about this experiment. We will take our information from official summaries of Goskomstat [State Committee for Statistics] and government reports.

#### Data on Nutrition Given

94P50066B Moscow SOVETSKAYA ROSSIYA  
in Russian 21 Dec 93 p 1

[Unattributed article: "Nutrition for the Russians for Two Years"]

[Text] We present four graphs [not reproduced] reflecting the level of consumption for a number of the most important foodstuffs per capita (kg per year) in the pre-reform times and the 1991-1992 period. Unfortunately, there are no final results for 1993 yet. However, in the opinion of experts, the situation with nutrition on the average is continuing to worsen.

The dynamics for the consumption of meat, milk, sugar, and vegetable oil allow us to make the following conclusions:

- Up until the start of the "Gaydar reforms" the USSR (and RSFSR) system of production and distribution guaranteed the average Russian a stable and sufficiently high level of consumption of these basic foodstuffs.
- The deficiencies of the planned system, about which much has been said, were compensated for by its merits (about which they have been silent). No kind of crisis in consumption ever arose.
- The situation changed unbelievably sharply (in essence catastrophically) namely as a result of the reforms—the breakup of the planned system of production and distribution, and privatization and price liberalization.
- In 1992 alone the consumption of basic foodstuffs necessary for complete nutrition fell to a level, even the average of which was intolerable from the point of view of physiological norms. Taking into account, however, that all the mechanisms for equal distribution of the minimum benefits necessary for life were simultaneously broken up, it is necessary to speak about the sharp stratification of the population of Russia according to the level of consumption of nutritional foodstuffs. Its decrease was laid on the shoulders of citizens with low incomes, basically a third of the population. For this group of people the drop in consumption is already unbearable and destructive to their health.

### Boris Fedorov Comments on Economic Situation

944E0312A Moscow KOMMERSANT in Russian  
No 47, 29 Nov 93 pp 4-5

[Report on meeting of Boris Grigoryevich Fedorov, minister of finance of the Russian Federation, with representatives of KOMMERSANT-DAILY and KOMMERSANT, by Nikita Kirichenko and Andrey Shmarov: "Minister of Finance at KOMMERSANT: Expanded Editorial Board or a Small Council of People's Commissars?"]

[Text] The minister entered. He was a distinguished man, of a graceful cast, with a friendly face, and dressed in a morning coat. Count A.K. Tolstoy.

The press service of the minister of finance called up the KOMMERSANT publishing house the week before last and reported that Boris Fedorov had decided to raise his dealings with the press to a new level. The primary objective the minister wants to achieve is to minimize the



number of errors in publications concerning the work of the Ministry of Finance. For this, Mr. Fedorov intends to meet regularly with journalists of the leading economic publications. The first such meeting was held last Friday—Boris Fedorov came to meet with experts of the KOMMERSANT-DAILY newspaper and the KOMMERSANT weekly. Deputy Minister Andrey Kazmin and Press Secretary Olga Leonova took part in the discussion. The meeting lasted almost three hours. This is natural, inasmuch as the conversation covered a very wide range of problems—from excises on vodka to the industrial recession. The meeting ended amicably.

#### **Boris Fedorov on the Industrial Slump**

Boris Fedorov's visit gave us an opportunity to define more precisely the viewpoint of the deputy prime minister on what in our view is perhaps the most vital economic problem—the industrial recession. Boris Fedorov's position on this question, which was set forth at the request of KOMMERSANT experts, proved to be extremely clear and unambiguous.

The minister thinks that overcoming the recession cannot be viewed as a thing per se; that is, a thing in itself. Financial stabilization has unquestionable priority, and only under conditions of balanced finances, moderate inflation, and positive interest rates will it be possible to rehabilitate accumulation and create investment capital. As for the "ethereal" centralized capital investments, that is, state investments conducted at the expense of increasing the budget deficit, the minister rejects them outright: It is necessary to live within one's means.

Boris Fedorov emphasized that a recession is an absolutely normal thing for an economy in a period of reform, and this is indicated by the entire world experience, and by our own experience in the times of the 1920's. The minister was supported in this by Andrey Kazmin, his deputy, who reminded us that there was no recession in the prereform period, but then a substantial part of the products produced simply were not in demand; that is, they were produced in vain.

We remember this and concur completely with the financiers: there was a great deal that was irrational in the planned economy, if not to say simply stupid. But, after all, it does not entirely follow from this that the current recession is occurring due to products that no one needs. It is exactly here that we do not agree with the minister in principle. Boris Fedorov insists on the structural nature of the recession, we—on the fact that it has already taken on a total character.

Actually, what structural aspect does the minister have in mind? If it is a question of classic examples, and it is these, apparently, that Boris Fedorov had in mind when he referred to the foreign experience, there the structural restructuring was oriented most of all toward the modernization of industry. But in our country the

average age of the basic assets in operation is continuously rising, and the real length of service of industrial equipment, according to our estimates, is now more than double the norm.

Of course, worn out and obsolete equipment was acquired by us as a burdensome legacy of a planned economy. The focus, however, is on the fact that the present course of reforms does not give cause for hope at least for a start in the process of renewing industry's fixed capital in the foreseeable future. Why? Two reasons.

The first is that there is no money for this and, judging by everything, there will not be any. After all, as recently as last year centralized capital investments were cut in comparison with the prereform year of 1991 by almost 45 percent. This year, according to the preliminary estimate of the Ministry of Economics, investments will fall by 14 percent, and next year they will be reduced by at least 6 percent. This means that investments will be reduced next year by more than 55 percent in comparison with the year before last. It is also necessary to take into account that even out of this meager share, more than half will go not to the modernization of equipment but to construction assembly.

As for the resources of enterprises themselves, it should not be expected that they will be allocated to modernization—industrial profit this year has already fallen in comparison with last year by a factor of 1.6 and is continuing to fall.

This was our reasoning. It did not inspire adequate counterarguments—the minister held to the opinion that the recession is of a structural nature and assessed it as a normal phenomenon. It is true that we still did not understand from the conversation with Boris Fedorov where the money for modernization, nonetheless, will be obtained. After all, if, according to the minister's proposal, we turn to world experience and to our own history of the times of NEP [New Economic Policy], it would seem that everything was clear there with respect to the source of money. For example, postwar West Europe received assistance for the restoration of industry from America under the Marshal Plan, and America itself carried out industrialization on money gained from the exploitation of Texas oil fields and Klondike gold (at the same time without being burdened by the weight of production that needs modernization).

And, indeed, NEP's People's Commissar Grigoriy Sokolnikov, whose words on emission and opium the minister quoted on a placard hanging across Ilyinka, saw the source of the financing of socialist industrialization very clearly.

The people's commissar absolutely without embarrassment used the price scissors for industrial and agricultural products, and in this original way pumped resources out of the villages. Moreover, Sokolnikov approached his own financial stabilization very, very selectively: the hard chervonets was by no means used with everyone at that time in paying off debts; old bank

notes were also issued simultaneously with the chervonets for a certain time. And this means that the budget deficit was also exploited without any superfluous tact.

The second reason for the increasing restrictions on the opportunity for modernization under the conditions of today's economic policy is that even if the government in some way achieves financial stabilization, it is not clear what it will do with it. The problem is that in the last year there has been a very strong acceleration in the slump in machine-building, which is also the source of modernization. For the period from September of last year to September of this year, the output of industrial equipment dropped by one-fourth—against a 15-percent drop in the production of raw resources and materials. If this continues, we will end up in the near future with stable finances but without machines.

During the meeting Boris Fedorov touched on one more very interesting national economic aspect—protection of the domestic market from imported products. In responding to a question on whether the government will increase import duties, the minister expressed rather definitively the spirit that he is a confirmed opponent of protectionism, although it is not a sin to levy a tax on some commodities, in particular alcohol and first-class limousines. In response to the objections of the experts that imported vodka should not be assessed, inasmuch as it today constitutes the basis of the pub ration, the minister noted that it is necessary to drink Russian vodka, and that it is unpatriotic to drink foreign vodka. Laughing in a friendly way in response to this comment, each of those present probably thought about his own.

However, the experts from KOMMERSANT agreed with the minister that, given today's economic policy, protectionism as applied to domestic commodity producers is absolutely useless—but with respect to the consumer, we will add, it is even downright dangerous. Protection of the domestic market is good when some kinds of investment projects are being launched in the national economy of the country and an increase in production is planned. Well, it is necessary to protect it then, when there is someone to protect. Given the present recession, an increase in import tariffs will lead only to the depletion of an already poor market.

#### **Boris Fedorov on Statistics**

During the meeting the minister expressed criticism concerning the existing statistics, declaring that he does not trust the data of either the banks or the State Committee for Statistics. This is the basis of Boris Fedorov's cool attitude toward the calculations of KOMMERSANT experts which were conducted on the basis of that information.

We are also not delighted with the present statistics, but there are no other statistics. Therefore, we proceed on

the basis that it is better, nevertheless, to make at least some kind of numerical evaluations than to engage in purely speculative arguments.

In addition, an unreliable information base can be contended with by arranging, for example, verification of the calculations of banking data computations with the use of materials of the State Committee for Statistics—we make such a cross check when we estimate inflation, for example.

And more. Boris Fedorov informed us that the Ministry of Finance proposes to publish its own investigation into the state of the economy in January. Where will the information be taken from for the analysis? By means of the Ministry of Finance's own statistics, which, according to the idea, the minister is supposed to verify, is obviously inadequate, but a financier will never rely on mystical insight.

This means that the minister will be fed from the very same kitchen that we are. But because this is so, the problem of a lack of coincidence in the estimates of the state of affairs in the economy then becomes a question of interpretation, which both the minister and we have a right to carry out.

After a discussion about "sly statistics," and also with respect to the methods and reliability of calculating the GDP [gross domestic product] of Russia, an incident was recalled in which Boris Fedorov sent a letter to Ruslan Khasbulatov where, referring to the IMF, he cited an estimate of the GDP of Russia that was underestimated approximately by a factor of 10 (see KOMMERSANT No. 33). It will be recalled that against this background the share of Russia's assistance to CIS countries in its own domestic product looked absolutely horrible, and much of the mass media there and then interceded for the looted motherland. We concluded our own article, which was devoted to a search for the truth, with the fact that "we do not intend to make guesses about what stage the published figures fell victim to falsification."

Boris Fedorov made things clear at the meeting—there actually was an error in his letter, but the IMF was to blame for everything. Boris Grigoryevich revealed to those assembled that he did not even read the materials that the IMF sent, but simply placed them in his letter, in order to attract the attention of parliament to the problem itself. The minister also said that we "splashed" his name about in vain at that time, for he was simply an intermediary between the IMF and Khasbulatov.

Really, it turned out poorly. It only remains to be hoped that this incident was the last and only one of the minister of finance falling into an awkward situation, taking the IMF, as they say, at its word.

Further on the conversation about statistics became somewhat strained because we decided to discuss yet another important "part in the GDP"—the fate of the budget deficit.

### **Boris Fedorov on the Budget Deficit**

In answer to the question about what, nevertheless, the budget deficit will be for 1993, the minister said clearly that it should not exceed 10 percent of GDP. He further declared that there are also no problems or vagueness regarding its absolute dimensions—it should total 11 trillion rubles [R] in 1993.

However, the minister acknowledged the correctness of the positions of Viktor Gerashchenko (see KOMMERSANT No. 44, pp. 18-19) and of the KOMMERSANT experts (see KOMMERSANT No. 45, p. 5), who expressed bewilderment regarding the fact that, contrary to the rules of accounting, the Ministry of Finance entered the resources from the sale of hard currency credits of the IMF and the IBRD [International Bank for Reconstruction and Development] to the Central Bank in the income part of the budget. At the same time, Mr. Fedorov noted that he has to continuously persuade the staff of the Ministry of Finance that it is necessary to count properly. As a result, in the words of the minister, the budget deficit can be estimated at R13 trillion.

The KOMMERSANT experts then inquired about why a draft was submitted on behalf of the ministry to the Council of Ministers in which the budget deficit was estimated to be R17 trillion, but taking foreign borrowing into account—R18.6 trillion. Which of the budgets is the correct one?

The minister of finance said that both were correct in general, but the one that was submitted with a deficit of R17 trillion was already unrealistic at the moment of its examination in the Council of Ministers. In answer to the question of why submit a budget to the Council of Ministers which at the moment of examination had nothing in common with reality, Boris Fedorov closed the subject, saying that the deficit will be R11 trillion, because the limit of his deficit for the fourth quarter was determined (even before the submission of the draft annual budget to the Council of Ministers—KOMMERSANT) by an edict of the president, and if any of the KOMMERSANT experts do not understand something, he invites them to look into it with employees of the budget office of his ministry. "Are there any more questions?" the minister asked. "No!" we answered.

The conversation further turned to sources for financing the budget deficit regardless of what its absolute size will be. There was a discussion about gold certificates. We asked the minister why their initial distribution (sale to two banks, which the Ministry of Finance confirmed as official dealers) occurred precisely at the moment when the world prices for gold reached their local minimum. (It seems to us that, owing to the poorly chosen moment for the initial distribution, the treasury was short of R3-5 million from each certificate.) In addition, the financial REUTER repeatedly warned (see our surveys of foreign currency rates of exchange) that a reduction in the gold

rate of exchange was the result of a purposeful speculation on a fall, which was to end sooner or later. The minister answered that the Ministry of Finance did not determine the date of emission, but that the emission was determined by the date of the signing of the statute by the prime minister.

Continuing the theme, we asked by what criterion the Ministry of Finance chose the dealers of certificates: after all, the approved banks do not have the best liquidity balance indices in Russia. To this, Boris Fedorov replied that with respect to the selected dealer banks, the Ministry of Finance queried the Central Bank of Russia, which answered that it had no claims against these banks.

Afterwards we inquired of the minister why dealer banks in general were needed in the emission of certificates. We told the minister that it would be quite logical, as it is done in the West, to open a so-called metals account for any bank that wishes to buy "gold" and to debit them (in order to prevent the uncontrolled export of gold) in any state bank (for example, the Central Bank of Russia or the Foreign Trade Bank). The minister was terse in his answer: "There are 54 ways of conducting emission. One was chosen." The talks continued further in the direction of a discussion of banking problems.

### **Boris Fedorov on the Banking System**

Naturally, we were interested in the question of how the minister of finance saw the future of the banking system. Especially since at his recent press conference (see KOMMERSANT No. 44, pp. 18-19) right after the customary appeal to Viktor Gerashchenko to retire he proposed to establish a system on the territory of Russia of approximately two dozen federal banks that would begin to conduct those functions that are now conducted by the Central Bank of Russia, but which in the opinion of the minister it should not conduct—first and foremost, extending credit.

At the same time, it will be recalled that even the leader of "Russia's Choice," on whose rolls Boris Fedorov is listed (although in his words he does not play an active role there), said at a meeting of representatives of banking circles that he also wants to confer the status of federal banks on 21 commercial banks from among the largest and most prestigious ones (see KOMMERSANT No. 46, p. 6).

As it turned out in the conversation with the minister of finance, despite the outward appearance of the similarity of his and Yegor Gaydar's positions, they have different things in mind, nonetheless.

Boris Grigoryevich, in contrast to Mr. Gaydar, believes that federal banks should be established not on the basis of commercial banks but on the basis of territorial administrations of the Central Bank, of which there are too many today for the needs of the market economy.

At the same time, the minister emphasized once more that he supports the complete independence of the Central Bank from the government, the Ministry of

Finance, and parliament, and that he never proposed subordinating the Central Bank to the government.

*In KOMMERSANT No. 12 on page 5, we published an article about the next spiral of tension in relations between Boris Fedorov and Viktor Gerashchenko. At that time, Boris Fedorov sent a letter addressed to the president, the chairman of the Supreme Soviet, and the prime minister with yet another demand for the resignation of Mr. Gerashchenko from the post of chairman of the Central Bank of Russia. The letter also contained these arguments in favor of resignation: "The inclusion of the chairman of the Central Bank on the staff of the government essentially did not change anything. We cannot give the Central Bank any kinds of instructions... V.V. Gerashchenko incomprehensibly nodded his head on Staraya Square, but after returning to the bank he unequivocally announced to his employees that he will not do anything..."*

Afterward, in order not to misinform the readers, we also went on to ask this customary question, inasmuch as it is simply necessary at every specific moment to know the opinion of the minister of finance concerning his views on the fate of Viktor Gerashchenko. "Let him work," was the answer to us.

On the whole, despite the fact that no noticeable convergence of positions of the sides on conceptual questions occurred during the meeting, we are inclined to evaluate the results of Boris Fedorov's visit to KOMMERSANT as exceeding our expectations. The minister did not try at all during the discussion to take advantage of his authority as a member of the government and to shift the conversation to subjects on which he is known to be well informed, and he eagerly joined in the rather constructive discussion. It seems to us that the conversation was really useful to both sides and that the practice of meetings of representatives of the economic bloc in the government with independent experts, who have one or another point of view not by virtue of the political situation, but on the basis of their scientific investigations, will help the development in society of a more reasoned view of the problems facing them. We will hope that this meeting is only the first sign, and that the members of the cabinet will even more decisively, without fear and doubt, draw the flashing swords of their analytical thought in similar discussions. We are all for it.

#### **Deputy Finance Minister Kazmin on Nonpayment Problems**

944E0313A Moscow IZVESTIYA in Russian 14 Dec 93  
First Edition p 4

[Interview with Andrey Kazmin, deputy minister of finance of the Russian Federation, by Ivan Zhagel, IZVESTIYA; place and date not given: "Nonpayments Were Not Caused by the Reforms, But the Reforms May Eliminate Them"]

[Text] The issue of mutual nonpayment by enterprises has now become one of the most acute and painful for the

Russian Government. From a purely economic one it has by now become a political issue: miners and oil workers who have been left without money are on strike. So, why are we falling for a second year now into the same trap, that of accursed nonpayments? We put this question to Andrey Kazmin, deputy minister of finance of the Russian Federation.

A. Kazmin said: "It would be erroneous to believe that the issue of mutual nonpayments arose just a year ago. It also existed in the so-called planned economy. It is just that it was not reported. However, every year, 'by way of an exception,' the government implemented an intersectoral clearing of mutual indebtedness. Special credit was issued for 90 days, with subsequent prolongation for another 60 days in order to complete the clearing; that is, by the middle of each year a problem arose with the repayment of credit. However, later all this was once again classified as past due debt, and in December the situation was replicated.

"In all of this, the system of mutual clearing made it possible not only to conceal the shortcomings of the economic mechanism but also artificially to increase the volume of products sold because after the payment of counterclaims the unreconciled residual was credited to the account of the enterprise or ministry whose deliveries exceeded its debts. Along with the artificial growth of product sales, bonus funds and so on increased.

"In general, nonpayments are a chronic disease of our economy caused by the producers' lack of dependence on final consumers, a poorly tuned credit and settlement mechanism, and a number of other factors."

[Zhagel] However, this disease has clearly worsened.

[Kazmin] I would say that its outward symptoms have grown stronger. At present, the government does not extend credit just like that; this is why products do not sell automatically. However, over many years enterprises have been accustomed to shipping products and then forgetting about them. After the reforms began, many of them simply jacked up their prices and ran into a sales crisis, instead of making a serious marketing effort, cutting costs, and establishing close contacts with consumers. As they were not receiving funds for their products, they began to blackmail the government with strikes and demand that debts which the government had nothing to do with also be paid.

[Zhagel] However, it is known that a budget component also exists in the total volume of nonpayments; that is, the state likewise has not paid its debts. What is the order of magnitude of this number?

[Kazmin] At present, all kinds of statistics are being given, whatever is advantageous to whomever. According to our estimates, the volume of nonpayments will come to about 15 trillion roubles [R] by the end of the year. What you call the budget component does not exceed 10-15 percent of this amount. Of course, I am not going to deny that our debts to organizations financed



from the budget trigger something of a chain reaction. For example, having failed to receive money from us, defense enterprises cannot pay their suppliers, and so on. However, we intend to eliminate the debts of the budget or at least reduce them by an order of magnitude before the end of the year.

[Zhagel] This is hard to believe; after all, in the words of Boris Fedorov, the need to reduce the budget deficit to 10 percent of the gross domestic product has forced the Ministry of Finance to proceed to cut all expenditure items. Under the circumstances, one would rather expect an aggravation of the nonpayments problem.

[Kazmin] By the end of the year all the reserves of the budget that have been kept for a rainy day will have been put to use. Besides, December is as a rule more favorable for us than, say, September or October, when large seasonal expenditures are made.

[Zhagel] Indeed, some kind of money appeared in the budget in December of last year. However, this was largely facilitated by the mutual clearing of debts which had been administered shortly before. Naturally, enterprises were also able to pay taxes following this....

[Kazmin] However, at the same time the mutual clearing speeded up the rate of growth of the money supply. The level of inflation soared correspondingly. That is, incomes increased nominally, but not in real terms.

[Zhagel] Is this to say that you completely reject mutual clearing as a way to solve the nonpayments problem?

[Kazmin] In its previous format—yes. After all, this amounts to just writing off the debt rather than recovering it. Besides, there are debts and there are debts. It is one thing if products that nobody wants to buy are not paid for, but debts for delivered refinery products are quite another.

[Zhagel] At present, the Ministry of Finance opposes all additional emission. However, it is not rare that, for example, agricultural products have already been deposited at a warehouse but the trade sector has no money to buy them and deliver them to the consumer. Why is centralized credit, which could set the goods in motion, not being extended in this case?

[Kazmin] Indeed, it does happen that potatoes sit at a warehouse but are not available in the store. However, the shelves of these same stores are packed full of bananas, pineapples, and kiwi fruit. This means that money was allocated for goods which appeared to be in greater demand. The state cannot, in each specific case, correct the flaws of trade organizations which, in turn, do not reduce prices and do not wish to share some of the profit with the consumer. And yet they want to receive cheap credit in order to perform, as they say, a social function.

[Zhagel] Fine, if so I will give you another example. At present, oil producers cannot call back the debts owed them. The state does not wish to help them either.

However, at a time when oil producers are left without funds, all kinds of intermediaries are getting incredibly fat at the stage of selling refinery products.

[Kazmin] This is a paradox of an inflationary economy. The closer you are to the stage of sale of the product, the more you win; those who are at the beginning of the chain lose. Producers lose even by virtue of the fact that money loses value while it is being transferred.

The second most significant task of the government is to create a mechanism for unconditionally meeting financial obligations, a mechanism for debt recovery. In this instance, bills of exchange—term financial obligations which we are now trying to introduce into circulation—are a proven instrument. Of course, in developed market economies bills of exchange no longer have the significance they once did. In a number of countries, discussions are underway about replacing bills of exchange. However, for example, bills of exchange still account for 15-20 percent of monetary circulation in Germany, where this debate is quite vigorous.

[Zhagel] It is known that in October a presidential edict was issued, in keeping with which mutual debts of enterprises should be redocumented as bills of exchange. However, the Central Bank and the Association of Russian Banks immediately stated that, in the absence of a relevant regulatory base and simply tradition, the appearance of a multitude of bills of exchange will create a new, chaotic, and poorly controlled market. This will provide an opportunity for various abuses and even counterfeiting of the bills of exchange.

[Kazmin] Money may also be counterfeited; this is not a valid argument. Besides, while the Central Bank criticizes us, it does not make other constructive proposals. To be sure, the introduction of bills of exchange into circulation will call for closing the gaps in the legal base. The latter should make it possible to collect debts through legal procedures or bring insolvency lawsuits.

[Zhagel] And yet, bills of exchange will begin to circulate no sooner than a few months from now, whereas nonpayments already exist today, now. Is this to say that these debts will be carried forward to next year, too?

[Kazmin] As I see it, the situation is not static because motivation for the behavior of economic entities is changing. The wave of nonpayments which was characteristic in previous years no longer exists. Of course, debts of R15 trillion appear to be large. However, if we compare this to 1992, at that time the volume of nonpayments accounted for almost one-half of the gross domestic product. This year, it is no more than 10-15 percent. A favorable change is obvious, and this trend is going to firm up.

As far as the budget debts are concerned, they may be combated in one way only: by not approving programs without available sources of financing. This was altogether impossible to explain to our old parliament, but the new parliament will definitely have to grasp it.

**Davydov Views Foreign Trade Developments**

PM1712111693 Moscow ROSSIYSKIYE VESTI  
in Russian 16 Dec 93 p 3

[Article by Oleg Dmitriyevich Davydov, Russian minister of foreign economic relations: "Second Wind for Foreign Trade"]

[Text] The main aim of the development of foreign economic relations is still the integration of the Russian national economy into the world economy. This strategic line, formulated by the government, is the line our ministry pursues. Unless we are able to profit from the opportunities and advantages offered by the international division of labor, unless we attract foreign investments, it will be difficult for us to overcome the crisis and achieve stabilization and progress in the economic sphere.

We see it as one of our central tasks to develop Russia's export potential. Not only by our own efforts, of course. No ministry can deal on its own with the whole range of complex problems that beset this difficult path. I will just mention the biggest, most important of them.

First, there is optimizing the traditional exportation of raw materials and boosting its efficiency. Second, expanding the exportation of engineering and high-tech products. It is vitally necessary for Russian enterprises to gain access to world markets in machines and equipment, technologies and information. Third, it is important to resolve currency and financial problems in relations with creditor countries and international organizations and debtors. The transportation, telecommunications, and service infrastructure of foreign trade requires development. We must complete as soon as possible the creation of an effective system for regulating foreign economic activity, including currency, export, and customs controls.

Tackling these tasks depends not only on purposeful efforts by those involved in foreign economic activity and state organs responsible for regulating and supporting foreign trade, but also on the general economic situation in the country. Let me cite some specific examples. Our exports are developing fairly rapidly, especially in the east. Trade with China is increasing. In a short period it has increased from \$5.8 billion to \$7 billion. The transport system was not ready for this. The ports are overloaded, they await modernization. And not only in the Far East, but also on the Black Sea and the Baltic. Otherwise, we will not be able to ship out all our export goods.

I would like to mention as one new avenue in our activity that of increasing exports of high-tech products. Although here one could venture to say that the new is only the old that has been well and truly forgotten. Back in the days of the Union a system was planned, though never set up, whereby the producer would have an incentive to produce high-tech machines and equipment.

The innovation in our own day is the relationship between the center and the regions, which have received more autonomy in the sphere of foreign trade. It is clear that their actions need to be well coordinated with the center and with each other. Life itself forces us to formulate joint solutions. After all, even the OPEC countries get together to evaluate market forces, sales potential, and so forth. And for us, living as we do in a single state, it is axiomatic that we should approach the world market in a coordinated fashion, not in dribs and drabs.

One of the ministry's duties is to monitor export deliveries for state needs. These bring in hard currency for the treasury, which goes on paying off the foreign debt, paying for essential imports, and providing the domestic market with freely convertible currency. A tender system has already begun to be introduced for the distribution of goods coming into the category of state needs, both exports and imports. A tenders committee has been set up and normative documents drawn up. There should also be tendering for the construction of any facilities involving foreign or Russian firms, with the best proposals being chosen. This can only be done if several commercial proposals are received. After all, the market dictates the value. Therefore, it would be expedient to implement all federal orders on a competitive basis. The allocation of export and import orders under such a system—as, incidentally, in the construction sphere—should be extended to the regions too.

It is probably superfluous to describe in detail the advantages of the tendering method. There can be no doubt that it puts all those who seek orders on an equal footing. And that is both fair and effective. A real opportunity emerges to put an end to the practice of subjectivity in placing orders. At the very least, the foundations of corruption are undermined and its scale is reduced.

In order to extend this principle to the regions, we are conducting visiting sessions, participating in local conferences, drawing up regional programs, and maintaining close contact with heads of administrations and their foreign economic subdivisions and with entrepreneurs.

The duties of trade missions are changing substantially. Formerly they were, so to speak, the continuation of the central apparatus in other countries. Now trade missions have to work with representatives of the regions, help them to sell goods and study the international rules of civilized trading, and issue recommendations.

In other words, the nature of the ministries' links with the regions has changed and contacts have become more intensive. And that is easily explained. Some 50 percent of the hard currency resources obtained from foreign trade go to the regions. Formerly it was all concentrated in the center.

A system of monitoring of the sale of strategically important raw material commodities is now being set up.

we must know for sure and take into account who has been assigned a quota, who has received a license, when the goods cross the border, and when the money for them comes in. At the moment the system is undergoing a trial, and the first results will be known in December. A modern computer center has been set up and agreement has been reached with the Ministry of the Economy, the Central Bank, and the State Customs Committee on joint operations in this sphere.

What will result from all this? We will have a clear idea of the volume of quotas issued and their compliance with the licenses, and also of whether the licenses correspond to the contracts and how they are fulfilled; whether all commitments are taken into account. That is to say that exports of strategically important goods will be monitored, and that will enable us to obtain information on what funds are received in payment for the goods sold, what quantity was supplied, and where to. It is hardly possible to regulate the foreign economic process without this kind of accounting. Along with legal methods (based on the laws being adopted in the sphere of foreign economic activity) and economic and financial methods of regulation, these levers make up a system of control in the foreign economic sphere. Its creation and functioning are now one of the main avenues of the work the ministry carries out in conjunction with other ministries and departments.

The CIS countries, which are setting up an Economic Union, require enormous attention. In the past two years the former Union republics have adopted so many laws and decrees in the economic sphere that it is not easy for us to reconcile our interests now. Legislation will have to be put in order urgently. Without unified principles of legislation, it is hard to form an Economic Union. A unified approach to foreign economic ties is needed, a single customs area with uniform customs dues, and so forth. I therefore have to meet frequently with my colleagues, the ministers from CIS countries. Naturally, a full union is still a long way off, but the first steps have been taken.

The normative and legal base for cooperation with the more distant foreign states also requires updating and adapting to fit in with Russian laws. Legal documents are not only changing, but acquiring a new nature: we have submitted applications to join GATT, the EC, and other international organizations and have taken on many international commitments which must be taken into account in our intergovernmental agreements. These are becoming increasingly complex: They have to take account of economic and political changes both in Russia and in our partner countries.

When we include this or that provision in a normative act, our foreign colleagues immediately evaluate the innovations from the viewpoint of their positive or negative effect on economic cooperation: whether the provisions will promote or retard its development. Their activity in our country is either stepped up or slowed down accordingly.

We still encounter discrimination and restrictions on the world market. Many bans are in force, as in the days of the former USSR, and have not been lifted. Despite the political changes and economic reforms that have taken place in our country, it is to this day frequently treated as a state with a centralized economy.

Of course, we have plenty to do. But the ministry's operational and commercial role is gradually declining. And that is only natural, because formerly virtually all foreign trade deals passed through the ministry, whereas now only some 30 percent do.

We have brought our 37 foreign economic associations into the reform process. We deem it expedient to retain only some of them—those relating to raw materials and those that engage in investment activity and provide technical support under intergovernmental agreements. Thus, the Ministry of Foreign Economic Relations system will retain no more than 10 or 12 associations, while the rest will be transferred to share ownership and privatized in the very near future.

As for the ministry's internal reorganization, I think the present size of the Ministry of Foreign Economic Relations is rather large, and its manpower could certainly be reduced without detriment. Especially in the light of the changes in the tasks facing the ministry.

We intend to amalgamate subdivisions: there will be fewer chiefs, and those that remain will have more responsibility. We began to implement this principle with the top level of leadership: the minister used to have nine deputies, now there will only be seven. Virtually all of them are aged between 40 and 50. You cannot call them young, but the post of deputy minister requires maturity and good work experience. Substantial personnel changes are also needed in the system of foreign missions. We intend to make the trade missions' staff younger in the near future.

We hope that with the adoption of the constitution and the holding of elections to the State Duma, the actual atmosphere in the country will change. This will help to strengthen stability and ensure economic growth, which will have a beneficial effect on the development of foreign economic activity too: it will certainly become livelier and more effective.

#### **Labor Minister on State Policy in Social Sphere for 1994**

944E0305A Moscow *OBSHCAYA GAZETA*  
in Russian No 20, 3 Dec 93 p 8

[Interview with Gennadiy Melikyan, minister of labor of the Russian Federation, by Olga Alekseyeva; place and date not given: "A Struggle for a Sense of Measure"]

[Text] There are the menacing promises of reformers in the government to not make a fuss over the crybabies.... There is this phrase which has become a stock phrase: "In a market economy, everyone survives on his own...." There

is the most horrible budget deficit for next year and the ever-mounting apprehension that it will be covered by reducing funding for the social sphere.... In addition, they promise us hyperinflation and unemployment as real as it gets. What lies in store for us in the coming year?

In November, the Ministry of Labor prepared a document that apparently may answer this "very interesting question": the draft of the Main Directions in Social Policy for 1994. It is now being discussed in the regions. Minister of Labor Gennadiy Melikyan, our interlocutor today, is one of the developers of this model plan for rescuing us from the victorious advance of the market economy.

[Alekseyeva] In short, what is the essence of the new social policy of the government?

[Melikyan] First of all, it is ensuring for the people an opportunity to earn as much to support themselves as they are able to and want to, providing the economic and legal conditions for them to do so. Only by creating conditions for the people to reveal their potential through labor and industriousness may we be able to accomplish other tasks, for example, maintaining the minimum state guarantees of health care, education, and cultural development, in the area of incomes of the population. In the latter instance, it is important to preserve moderation in the differentiation of incomes of various groups of the population, including that between the incomes of working citizens and those unable to work, primarily old people and the handicapped.

[Alekseyeva] In other words, everyone survives on his own, but the government undertakes to support the weakest?

[Melikyan] I would not put it so. Certainly, the times of quietly "sitting it out" on the job are gone. To exist normally, the people have to hustle at present—perhaps change their jobs and professions, study. This does not mean that the government intends to throw them into the rapids of survival in order for them to learn to swim by themselves. I will not conceal that such is the approach of some of my colleagues. However, fortunately, it is not this approach that determines the overall direction of social policy. Superindividualism is not in line with the nature of our people. Russia is also different from other countries in that the state has always played a paternalistic role with regard to the population. The people are used to living poorly, but they knew that through all of that they would not be altogether abandoned in poverty. It is debatable whether a tradition of such paternalism is all that good for the social policy of the state. However, you would agree that it is impossible to ignore this tradition.

Indeed, a certain firmness in economic policy is needed, but not the kind that goes to the extreme. It is necessary to figure out the social consequences of all economic and political decisions. For example, if we get 25-percent unemployment of the kind that Spain or Hungary went

through, Russia will not survive it. It is just that everything will end in a social explosion. This is to say nothing of the force of a crime explosion that will occur.

[Alekseyeva] In the draft Main Directions in Social Policy for next year, it is proposed to introduce a ban of layoffs in certain regions as one of the measures to regulate the level of unemployment. However, are such administrative devices necessary—in our times?

[Melikyan] I do not know why many people noted this provision. After all, in the document it is by no means the main path for regulating unemployment, but an extreme and certainly temporary measure, which may be used under extraordinary conditions on the labor market of a region. As a rule, it will also require economic support for the enterprise. We do not at all make it the focal point, but we do allow for this approach. At the same time, I would like to stress the significance of everyone finally coming to understand that structural changes in the economy will not happen without certain strains in the labor market. Of course, I do not at all want to appear to be one of those bloodthirsty officials who see nothing but trouble ahead. However, even less so do I want to be a minister of labor who is dishonest with his people: Let us look the truth in the eye, and this will help us better to prepare for possible complications. Even now there are more unemployed in Ivanovo than the local employment fund is capable of maintaining. If it were not for "infusions" from the center, they would simply perish.

Unemployment is 95 percent a regional problem for Russia. After all, we do not have a unified labor market, but rather 89 regional "market corners." This is associated with traditions of the Russian way of life, the absence of a housing market, and even the provision on the infamous residence permits. In America, for example, it is no problem for a person to move from St. Louis to Los Angeles in search of work or a higher paid position. Go and try moving from the already mentioned Ivanovo to St. Petersburg or Samara ...

In many regions, unemployment may become massive, and we should also be ready for it. For example, one or two enterprises that employ the bulk of the population of a small Russian town are on the brink of going bankrupt and closing down. What should the state do in this case? It will be forced to agree to support such an enterprise in order to prevent the mass layoff of the people and the virtual destruction of the entire infrastructure of the town. However, in the process the government, being fully aware that this is a forced and inefficient step, has a duty to simultaneously search for an opportunity to gradually transform and reorganize unprofitable production in order to ultimately make it profitable.

[Alekseyeva] But is this not the resuscitation of the hopelessly sick once again? Will the subsidized enterprises not become a millstone around the neck of the budget yet again?



[Melikyan] I by no means advocate mildness in the economy. Moreover, the threat of bankruptcy should loom for poorly performing enterprises. There should be a wolf in the forest to keep the hares on their toes. However, first, bankruptcy must be a threat rather than a mass phenomenon. Second, there must be moderation in everything which, unfortunately, we frequently lack. Certainly, each person and each enterprise should ensure their well-being on their own. However, I do not want us again to lapse into some kind of extreme. It seems to me that this is what sets me and some of my colleagues apart from those who yell: "Give us everything!" and those who keep saying: "We will not give anything to anyone!"

Why do I nonetheless talk about firmness of approaches to restructuring the economic sphere? Because I know, for example, many enterprise directors who are now sure that the state will help them. A director complains that he has nothing to pay wages with. "Help us, give us working capital!" We walk through the plant. Half a shop full of finished products are sitting there. I ask him: "What is this? Is this not working capital? Why are they sitting here? Are they not in demand?" They are. However, at the prices that he has set, they do not sell. He waits, believing that they "will buy anyway." If this is so, then why should the state help him? Let him hustle and figure out markets for sales. Let him reduce the prices! In that case, he will get money and pay his workers. Our directors, whom I on the whole respect very much and believe that if it had it not been for them, everything would have fallen apart long ago, are used to this: If you shriek loudly, they will help. Where is the golden mean to be found that would make it possible not to go to extremes—this is what the greatest debates in the government are now about.

[Alekseyeva] Are those debates about policy nuances or fundamentally different positions, after all?

[Melikyan] Nowhere in the world does it happen that there is no debate, even if a government is formed on a one-party basis. It is so structured that each minister expresses primarily the interests of his department or the sector that stands behind it. It is another matter that there should be coordination on the main point, a common direction of the reform.

A common action program of the government now exists. However, a heated debate is under way concerning specific ways to implement it, for example, concerning an increase in the minimum labor compensation or the indexation of wages in the sphere financed from the budget. This is envisioned by the program. However, what a debate did we have! At what rate should it be indexed? When to index? After all, it is possible to index in November, or in January.... The government has now decided in principle that the minimum wage and the Grade I salary in the sphere financed from the budget should be raised in December, but the issue by how much has not been resolved yet.

[Alekseyeva] You have talked a lot about balanced approaches. Which position is the president leaning toward?

[Melikyan] I believe that he is in favor of a balanced policy to a greater degree. At any rate, he is unambiguously in favor of overcoming the lag in the social sphere and in favor of preventing unjustified social costs.

[Alekseyeva] The draft of the Main Directions in Social Policy which has been developed for the coming year also must be complemented by specific decisions and decrees. Do the drafts of such decisions already exist, and to what degree have they been coordinated with other members of the government?

[Melikyan] Yes, indeed; after all, the draft sets the general direction; it is, to a degree, a declaration. Together with other departments, we have already embarked on specific decisions: an entire package of laws and decrees in addition to the Main Directions is being prepared, for example, on the subsistence minimum, wages, and allowances for families with children.

There are drafts of major legislative acts: a new code of labor law, a draft social insurance law, laws on the restructuring of the pension system and the resolution of labor disputes. Of course, not everything has been finally polished and coordinated. However, the effort is under way.

[Alekseyeva] It was noted during the discussion of the draft Main Directions in Social Policy that two-thirds of the children live in families with incomes below the subsistence minimum. How does this go along with such a measure envisioned by the draft as shifting the tax burden from enterprises to private individuals?

[Melikyan] I would like to say right away that this is not aimed at making the tax system harsher. Raising taxes is not the object. I think that we carry an excessively heavy cross of taxes to begin with, and it should be relaxed. However, this will make it possible to influence the incomes of the population more vigorously and not to try to form the budget at the expense of enterprises alone.

In general, I repeat that I am in favor of having a sense of measure in everything. This will ensure the unity of Russia and accord in our society. Nothing can be accomplished by rote repetition. Russia is too diverse a country for reforms to be carried out in it according to a strict pattern. Diversity should be ensured within the framework of a common course. This calls for enhancing the powers of regions to take specific actions, for example, in the area of privatization, finance, and social support for the population.

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[Report by Valeriy Galitskiy, Aris Zakharov, and Aleksandr Frenkel, Russian State Committee on Statistics: "Consumer Goods and Services: In Two Years They Fell by Half"]

[Text]

**Changes in Prices for Consumer Goods and Services**

Over the period 9 to 16 November, prices for basic goods and services in 132 Russian cities rose by 3.4 percent (3.1 percent over the preceding week). The greatest rise in prices and fees over the week was registered in cities of the Far East—5.3 percent, and the smallest—in Kaliningrad Oblast (1.4 percent).

Over the second week of November food prices rose by 3.4 percent. Price changes by major categories of goods in organized trade and at city markets are shown below:

	As a Percentage of the Preceding Observation Date		
	Total	Including	
		in Organized Trade	at City Markets
All food products	103.4	103.3	103.8
including:			
Meat and meat products	101.7	101.7	101.7
Butter	105.4	105.5	104.5
Vegetable oil	103.8	104.3	101.0
Milk and milk products	104.4	104.2	105.4
Eggs	105.4	105.2	107.0
Sugar	100.6	100.6	101.0
Bakery products	104.5	104.5	
Cereals and macaroni items	104.7	104.6	105.5
Vodka	102.8	102.9	101.2
Potatoes and vegetables	107.9	105.4	111.1

In organized trade, the greatest price increases over the week were registered with respect to milk, butter, eggs, cottage cheese, canned fruit for children, wheat bread made of category I and II flour, semolina cereal, and potatoes—5-10 percent. Prices increased by almost a factor of 1.5: for milk—in Apatity, Kemerovo, and Yuzhno-Sakhalinsk; for bread—in Murmansk, Astrakhan, Nalchik, Krasnodar, and Kyzyl; and for potatoes—in Volgograd, Vladimir, Ufa, and Stavropol.

At city markets, the greatest price increases were registered with respect to products of plant-growing, milk products, and eggs (7-15 percent).

Prices for nonfood items rose over the week by 3.3 percent. The greatest price increase was registered with respect to fuel sold to the population (by 10.8 percent); in the cities in Tatarstan prices for coal, firewood, and

peat briquettes rose five- to sixfold. Hosiery prices increased over the week by 5-8 percent on average in Russia as a whole.

Over the week, prices and fees for paid services to the population rose by 3.7 percent. The greatest price increases were registered with respect to health care services, the use of public baths and barber shops, and child care in preschool facilities (by 6-10 percent). The cost of health care services increased twofold in Belgorod, Krasnoyarsk, and Novokuznetsk, and that of child care in preschool facilities—in Taganrog, Belgorod, and Novosibirsk.

Since the beginning of the month, prices for goods and services have risen by 6.6 percent. Prices for food and services increased at approximately the same rate—6.3 percent and 6.5 percent, respectively; prices for nonfood items increased by 7.1 percent. Among food items, the greatest price increases were registered with respect to products of plant-growing and eggs (12-15 percent); in the nonfood group—for sewn items and fuel sold to the population (9 percent and 11 percent).

The weekly changes in prices and fees over the past four weeks are shown below:

	As a Percentage of the Preceding Observation Date			
	10/26	11/02	11/09	11/16
Rates of price increases for basic goods and services	104.2	104.5	103.1	103.4
including:				
food items	104.2	104.0	102.8	103.4
nonfood items	104.2	103.3	103.7	103.3
paid services to the population	105.4	113.3	102.7	103.7

### The State of the Consumer Market

Store saturation with basic food products in November of this year is characterized by the following data (saturation index):

	As of		
	11/01/93	11/09/93	11/15/93
Beef	2.0	2.0	2.1
Bologna	3.4	3.2	3.3
Milk	3.0	3.0	3.1
Butter	3.2	3.1	3.2
Eggs	3.0	2.7	2.8
Vegetable oil	2.1	2.1	2.3
Sugar	2.8	2.9	3.1

On a considerable part of the territory of Russia the population is experiencing difficulties in purchasing daily necessities, in particular, laundry detergent (absent

in surveyed stores in 58 percent of the cities), facial soap (47 percent), and toothpaste (40 percent). Over the past week sales of toothpaste fell by 23 percent, facial soap—by 7 percent, and laundry detergent—by 9 percent. Facial soap sales fell off by a factor of 1.4-1.6 in Tula, Penza, Ulyanovsk, and Perm; of laundry detergent—in Syktyvkar; and of toothpaste—in Samara, Ulyanovsk, and Ufa.

### Consumer Goods and Services Turnover

Over January-October of this year, 27.8 trillion rubles' [R] worth of goods were sold and services rendered to the population, which is 10 times more than over the same period of last year. In comparable prices, turnover remained practically at last year's level (declined by 0.5 percent).

The 1993 dynamics of changes in the volume of consumer goods and services turnover in comparable prices are shown below:

	I Quarter	II Quarter	III Quarter	IV Quarter
As a percentage of the corresponding period of 1992	108	115	95	80
As a percentage of the corresponding period of 1991	48	74	63	56

Retail turnover, including sales of goods for foreign currency, amounted over January-October of this year to R25.1 trillion—a 10.2-fold increase in current prices as compared to the preceding year. In physical volume, the population purchased 2 percent more goods. The population of Russia also paid R2.7 trillion for services, including R559.3 billion for consumer services, which in current prices is 11 times and 9 times more, respectively, than over the same period of last year, and in comparable prices 25 percent and 37 percent less.

Food items account for 51 percent of total retail turnover (54 percent last year), nonfood items—for 49 percent (46 percent).

### Agriculture

Overall, at all categories of farms over 10 months of this year (estimated) realization of livestock and poultry for slaughter declined by 8 percent; gross yield of milk—by 3 percent; and production of eggs—by 6 percent. At the same time, the size of livestock herd and production of output are declining at agricultural enterprises, which

produce two-thirds of the output of animal husbandry products. At the population's private plots and farms, the herd and output of all categories of animal husbandry products is increasing.

The herd of swine, sheep, and goats decreased overall in Russia as a whole by 9-10 percent, that of cattle—by 5 percent. The herd of cows remained at last year's level. The total decrease in the size of the herd, caused by substantial reductions at agricultural enterprises, is only partially compensated for by the increase in the number of animals at private plots.

The herd of the main categories of livestock at all categories of farms increased in Perm and Chelyabinsk Oblasts and the Republics of Chuvashia, Bashkortostan, and Sakha (Yakutia). The size of the herd decreased as compared to the same time last year in Belgorod, Kursk, Kaluga, Orel, Novosibirsk, and Sakhalin Oblasts and the Republic of Karelia.

Agricultural enterprises in most territories of Russia entered the wintering period with somewhat better stocks

of fodder that in past years. The number of regions where fodder stocks amount to more than 15 quintals of feed units per livestock head increased from 30 percent in 1991 to 45 percent in 1993. At the same time, fodder stocks amounted to no more than nine quintals of feed unit per head of livestock at the farms in the Northwestern Economic Region, Arkhangelsk, Yaroslavl, and Moscow Oblasts, and the Republic of Karelia and Komi.

There are currently on average only five mixed fodder-making factories, 66 fodder-making factories, and 59 fodder kitchens per 100 agricultural enterprises in the Russian Federation. On top of this, because of the lack of spare parts and financial resources, a considerable proportion (up to 30 percent) of existing fodder-making equipment is in disrepair.

State procurement of livestock and poultry declined by 13 percent as compared to January-October of last year, of milk—by 5 percent; procurement of eggs increased by 3 percent. The share of state procurement in total sales of agricultural output has practically not changed as compared to last year. Farms sold 18 percent of livestock and poultry and 3 percent of milk bypassing the state procurement network—at city markets, through their own stores, as in-kind labor remuneration, and through other channels.

#### Formation and Utilization of Federal Food Stocks

In January-October of this year, the Russian Federation constituent republics, krays, and oblasts delivered to federal food stocks 627,800 tonnes of meat and meat products (delivery targets for 10 months have been met to the extent of 76 percent), 4.5 million tonnes of milk and milk products (84 percent), and 3.4 billion units of eggs and egg products (68 percent).

The Republics of Tatarstan and Bashkortostan, Udmurt Republic, Ulyanovsk and Orenburg Oblasts met only 9-36 percent of the targets for deliveries of meat products; Novgorod, Orel, Lipetsk, Ulyanovsk, Volgograd, and Omsk Oblasts—41-52 percent with respect to milk products; and the Republics of Kalmykia and Komi, Maritime and Stavropol Krays, Nizhniy Novgorod, Tula, and Kurgan Oblasts—9-32 percent with respect to eggs and egg products.

In January-October of this year, the Russian Federation constituent republics, krays, and oblasts received from federal food stocks 666,700 tonnes of meat products (64 percent of target volume for January-October of this year), 3.6 million tonnes of milk products (52 percent), and 2.1 million [as published] units of eggs and egg products (71 percent).

#### Industry

Over the first half of November of this year, daily output of a majority (123 out of 150 monitored) of the most important categories of products was below the level of the corresponding period of last year; the greatest lag occurred in the chemical-timber and construction complexes and in the light and food processing industries.

In the fuel industry, 25.3 billion cubic meters of gas were produced in the first half of November, somewhat exceeding its volume of production over the analogous period of last year, and exceeding by 7 percent that for the first two weeks of October. Production volume increased in the Nadymgazprom and Yamburggazprom PO's [industrial associations], and a number of other gas-producing associations.

Since the beginning of November, 11.7 million tonnes of oil were produced, and 7.7 million tonnes refined. The decline as compared to the analogous period of last year amounted to 12 percent and 11 percent, respectively, and as compared to the preceding month—0.8 percent and 3 percent. The volume of primary oil refining declined by 25 percent as compared to the level of the first half of October of this year in the PO Angarskiy Nefteorgsintez and the Saratov NPZ [oil-refining plant]. At the same time, of 23 oil-refining enterprises of the Ministry of Fuel and Energy, 14 exceeded the preceding month's level, including the PO Gorknefteorgsintez—by 5 percent, Ryazan NPZ—by 8 percent, and Moscow NPZ—by 10 percent.

Over the first two weeks of November of this year, output of coal amounted to 10.1 million tonnes, including 2.1 million tonnes of the coking variety, which is less than over the same period last year by 7 percent and 4 percent, respectively. Average daily output of coal in November was 0.5 percent below that of the first half of October, of coking coal—3 percent higher.

In ferrous metallurgy, over 14 days of November output of pig iron, steel, and finished rolled metal declined by one-quarter as compared to the analogous period of last year; of steel pipe—by almost one half; and of coke—by 18 percent. As compared to the first half of last month, output of these categories of products declined by 4-9 percent.

In machine-building over the elapsed days of November of this year, daily output of a majority of monitored items remained at or exceeded the level of the corresponding period of October, and with respect to a number of items also that of last year November. This includes output of diesels and diesel-generators, low-capacity electric motors, automotive lead accumulators and batteries, city telephone cables, metal-cutting lathes with numeric program control, and self-propelled cranes.

Despite the increase in average daily output as compared with the same period of October of alternate current electric motors, bridge electric cranes, excavators, and mainline freight railcars, last year's level has not been reached.

In the first half of November of this year there was a sharp decline in production of tractor-drawn attachments, tractors, and grain-harvesting combines, which amounted to only 14 percent, 27 percent, and 59 percent of the level of the analogous period of October. Production of passenger railcars, pneumatic tire-base and tower cranes, and main line electric and diesel engines has not begun.



Over the first half of November of this year, daily production of practically all categories of output of the chemical and petrochemical industry counted in periodic reports did not exceed the volume of the corresponding period of last November, which is due to a considerable extent to limited demand on the part of consumers. At the same time, output of certain categories of products increased as compared to preceding month. For instance, daily output of calcinated and caustic soda, synthetic rubber, and microbiological fodder protein exceeded that for October of this year by 14-22 percent; as compared to the first two weeks of last November it declined by 19-42 percent.

Over the elapsed period of November, average daily output of mineral fertilizer amounted to 16,400 tonnes, or 83 percent of the level of the corresponding period of last October and 67 percent of November.

Production of advanced and high-efficiency varieties of plastics and items made of them lags considerably behind last year's level: polystyrene—by 13 percent; polypropylene—by one-quarter; polyvinylchloride resin and plastics based on it—by half.

As compared to the first two weeks of last November, output of truck tires declined by 37 percent, and tires for agricultural vehicles—by 61 percent.

In the timber, woodworking, and pulp and paper industry, average daily production of commercial timber declined by one-third over the elapsed period of November as compared to the corresponding period of last November, which is to a large extent due to untimely allocation of credit resources needed to build up stocks at timber-logging enterprises. Some of the largest timber-logging associations—Komilesprom, Irkutsklesprom, Dallesprom, Permliesprom, Severoles, and the Bratsk timber-logging complex—have reduced output by 34-56 percent. The decline in output of commercial timber resulted in the production of sawn lumber, hardwood fiberboard, and cardboard declining by 17-25 percent; of commercial cellulose—by 44 percent; and of shaft slab, mine props, and matches—by 50-57 percent.

In the construction materials industry, over the elapsed period of November of this year the decline in output of the most important categories of construction products decelerated as compared to the first two weeks of last November, which is due to a large extent to increased demand for it caused by increased activity in individual housing construction and social sphere facilities. For instance, as compared to the first 15 days of November of last year, average daily output of cement declined by 2 percent, while last year in November it declined by 28 percent; of construction brick—by 9 percent as compared to 26 percent; of asbestos-cement pipe and couplers—by 15 percent as compared to 74 percent; and of pliable roofing—by 5 percent as compared to 40 percent.

Output of glazed ceramic tile for interior wall decorating increased over two weeks of November as compared to

the corresponding period of last month by 8 percent, and as compared to last November—by 12 percent.

At the same time there was a considerable decline in the output of roof slate (by 34 percent as compared to the corresponding period of last year and 49 percent as compared to November of last year) and high-grade asbestos (39 percent and 50 percent). Daily output of window glass remained practically at the preceding month's level, but as compared to the first half of last year's November it declined by 27 percent.

In light industry over the elapsed part of November as compared both to the analogous period of the preceding month and of November 1992, daily output of cotton fabrics and hosiery increased. With respect to other items counted in weekly reports, production volume declined. As compared to the same period of last year, output of footwear declined by 42 percent, of knitwear—by 30 percent.

Over the elapsed period of November as compared to the corresponding period of October, daily production of a majority of the most important home appliances declined. However, as compared to the analogous period of last year, production of refrigerators, freezers, and color television sets increased (by 4-15 percent). Since the beginning of the month there has been no production of washers at the Moscow Imeni Lenina Electromechanical Plant and the Nizhniy Novgorod auto plant, and of vacuum cleaners—at the Ufa machinery production association.

Over the elapsed 14 days of November, as compared to the same period in October, daily output of an absolute majority of food products counted in weekly reports declined; the greatest decline occurred with respect to the output of commercial fish products and canned fruit and vegetables—by 20 percent and 22 percent; and salt and butter—by 41 percent and 45 percent.

Of 21 varieties of food products, the level of the corresponding period of November 1992 was exceeded only with respect to production of cheeses, canned milk, granulated sugar, confectionery items, vegetable oil, and tea. At the same time, as compared to last year there was a considerable drop in output of meat, butter, margarine, and baker's yeast (by 16-29 percent), as well as macaroni items and food concentrates (by 32 percent and 38 percent). Production of mineral water was cut almost by half.

With respect to nonfood daily necessities, neither the level of average daily production of the preceding months nor that for the corresponding period of last year was reached. Among these items are facial and household soap, synthetic detergents, and toothpaste.

#### **Deliveries to Regions of the Far North**

As of 1 November of this year, about 42 million tonnes of cargo had been shipped by water transport to the regions of the Far North and equivalent localities, which is 25 percent less than the volume of cargo shipped as of the same date last year.

	January-October 1993	January-October 1993 as a Percentage of January-October 1992
Total cargo shipped, thousand tonnes	42,309	75
by sea	7,121	71
by internal waterway	35,188	76
including:		
dry cargo	29,602	72
by sea	4,913	69
by internal waterway	24,689	73
tanker cargo	6,755	79
by sea	2,208	77
by internal waterway	4,547	79
timber on rafts		
by internal waterway	5,952	88

As compared to last year there was a considerable decline in cargo deliveries by sea to the following ports: Dudinka (by 36 percent), Magadan (by 29 percent), Petropavlovsk-Kamchatskiy (by 25 percent), White Sea ports (by 48 percent), Sakhalin (by 37 percent), Chukotka (by 32 percent), and Eastern Kamchatka (by 29 percent).

Less tanker cargo than of the same date last year was delivered to ports on the Barents (by a factor of 2.4) and White Sea (by a factor of 1.7), Kuril Islands (by a factor of 1.7), Sakhalin (by a factor of 1.6), and the ports of Petropavlovsk-Kamchatskiy and Magadan (by a factor of 1.2).

As of 1 November of this year 33,000 tonnes of output and products designated for coastal waterway shipment have accumulated in the port of Vladivostok, which serves as the entry point of year-round freight deliveries to the Far North (146 percent as compared to 1 November 1992); 15,000 tonnes were waiting in Vostochnyy port (118 percent), and 9,000 tonnes—in the port of Vanino (60 percent).

#### Export Cargo at Border Points at Railroads and Ports

Over the month of October, on average 16,000 railcars a day with export cargo were present at border point and harbor-adjacent tracks of Russian Federation railroads; of them, 2,600 railcars with timber, 2,100 railcars with bituminous coal, and 1,600 with ferrous metals.

	Number of Railcars With Export Cargo in October 1993, thousands	
	On Average Per Day	As a Percentage of September 1993
Total railcars at border point and harbor-adjacent rail tracks	16.1	94
including the following railroads		
October	0.9	108
East-Siberian	0.3	113
North Caucasus	0.5	90
Transbaykal	3.5	88
Far-Eastern	10.9	96

The greatest number of railcars with export cargo were at the Far-Eastern railroad—11,000 railcars, including about 9,000 railcars destined for ports and 2,000 railcars destined for border stations, which exceeded established norms 2.4-fold and 1.7-fold, respectively.

As of 1 November of this year, 2.7 million tonnes of sea-bound export cargo had accumulated at the main sea ports of Russia, which is 39 percent more than as of this date last year. The greatest remaining cargo was in the ports of Nakhodka—550,000 tonnes (14 percent more than as of the same date last year), Vostochnyy—532,000 tonnes (2.3-fold), St. Petersburg—369,000 tonnes (12 percent), Vladivostok—243,000 tonnes (85 percent), and Vanino—216,000 tonnes (2.3-fold).

The volume of export cargo at the main sea ports of the Russian Federation increased by 4 percent as compared to 1 October of this year. Remaining cargo awaiting shipping decreased in the ports of Vladivostok and Novorossiysk (by 3-7 percent) and increased in the ports of Vostochnyy, Kaliningrad, and Vanino (by 12-20 percent).

#### Employment

In January-September of 1993 at enterprises and organizations in industry, construction, transportation and communications, nonproduction categories of consumer services for the population, science and science services, 3.7 million employees (11.3 percent) were on extra leave with or without partial pay. The average length of administrative leave was 24 days per employee (in the first half of the year—18 days, and in the first quarter—14 days). In addition, as of 1 October of this year 1.1 million employees (3.3 percent) were working a shortened work week.

At enterprises in the textile industry, tractor, agricultural, and diesel machine-building, and electrotechnical industry, between 40 and 60 percent of employees were on extra leave or transferred to a shortened work week.

In January-September, due to elimination of jobs, 390,600 persons were laid off in the surveyed sectors, or 1.2 percent

of the total labor force. According to forecasts of enterprises and organizations in these sectors, 179,000 persons will be laid off before the end of the year.

#### Russia's Trade and Economic Cooperation With Near Abroad Countries

Over January-September of this year Russia's foreign trade turnover with near abroad countries amounted to an estimated R17 trillion. Trade relations with each partner are characterized by the following data (billion rubles, in current prices):

	Shipped from Russia	Shipped into Russia	Surplus of Export, Import (-)
	(estimate)		
Total	9,618	7,228	2,390
including:			
Azerbaijan	132	207	-75
Armenia	65	24	41
Belarus	1,507	1,529	-22
Kazakhstan	1,277	1,169	108
Kyrgyzstan	163	91	72
Moldova	194	99	95
Tajikistan	65	26	39
Turkmenistan	174	111	63
Uzbekistan	718	812	-94
Ukraine	4,487	2,893	1,594
Georgia	27	14	13
Lithuania	560	156	404
Latvia	119	54	65
Estonia	130	43	87

Reciprocal deliveries continued to decline in the current year. At the same time, suppliers in the Russian Federation are fulfilling their obligations to the Commonwealth countries to a larger extent. Shipments of coal, automotive gasoline, tires, metal-cutting lathes, synthetics and plastics, and other items from Russia are completed on time. At the same time, shipments of oil, rolled ferrous metals, steel pipe, commercial timber, and sawn lumber to near abroad countries have not been carried out to the full extent of specified volumes.

Russian consumers, in turn, received less than expected amounts of sugar, vegetable oil, salt, and meat and milk products from Ukraine (over nine months, 34-35 percent of the annual contracted quantities were shipped), and coal, rolled metal, and steel pipe (8-38 percent); from Belarus—mineral fertilizer, truck tires, and scrapers (2-31 percent), meat products (41 percent), salt (29 percent), hosiery (13 percent), knitwear and refrigerators (8 percent); from Kazakhstan—grain (28 percent). No canned fruit and vegetables were received at all this year for the Russian market from Uzbekistan and Tajikistan, vegetable oil from Kazakhstan and Tajikistan, tea and canned fruit and vegetables from Azerbaijan, eggs from Moldova, or salt from Turkmenistan.

#### Privatization of Trade and Consumer Services Enterprises

By the beginning of privatization in the Russian Federation the population was being served by 652,000 trade and consumer services enterprises, of which more than 433,000 were owned by the state.

The process of destatization of property in the sphere of trade and consumer services in 1992-1993 is characterized by the following data (thousand units):

	Privatized Since the Beginning of 1992	Including in January-September 1993	Privatized as a Percentage of Enterprises of State Ownership as of 01/01/92
Total	53.7	19.2	13
including:			
retail trade	28.9	10.3	17
public catering	7.1	2.2	5
consumer services	17.7	5.7	13

\* Excluding the Chechen, Ingush, and North Ossetian Republics and Irkutsk Oblast

More than half of trade and consumer services enterprises were privatized through buy-out of leased equipment. Commercial bid was the method used in buying out 29 percent of retail trade, 37 percent of public catering, and 41 percent of consumer services enterprises.

Currently operating retail trade, public catering, and consumer services enterprises in private and other nonstate forms of ownership (excluding consumer cooperatives)

account for 37 percent of retail turnover as compared to 8 percent last year, and for 36 percent of consumer services rendered (23 percent).

#### Operation of Exchanges

Operations of commodity, commodity and raw material, commodity and stock, and stock exchanges in Russia in January-September of this year are characterized by the following data (in current prices):

	Nine Months		Nine Months of 1993 As a Percentage of Nine Months of 1992	1992 as a Percentage of 1991
	1992	1993		
Number of exchanges at the end of the reporting period	258	192	74	145
Trading sessions conducted—thousands	15.1	12.3	81	4.1-fold
Deals concluded—thousands	140.8	206.3	147	1.8-fold
Exchange turnover—billion rubles	197.9	1,015.3	fivefold	fivefold
including:				
consumer goods	63.8	127.2	199	4.6-fold
as a percentage of total turnover	32	12		
producer goods	127.7	419.8	3.3-fold	fivefold
as a percentage of total turnover	64	41		
monetary resources	3.2	314.7	98-fold	
as a percentage of total turnover	1.6	31		
securities	3.1	149.7	48-fold	fivefold
as a percentage of total turnover	1.6	15		

Over the current year the decline in exchange operations, which began in 1992, has intensified. Exchanges with insignificant turnover have practically no future. At 60 percent of exchanges, turnover is R1 billion or less (average per exchange is more than R5 billion). Exchanges in Eastern Siberia and the Far East are in a state of crisis. As compared to last year their number dropped by half. Exchange operations ceased entirely in Yaroslavl, Penza, Magadan, Kamchatka Oblasts, Kalmykia, and Karachay-Cherkessia.

Sales of 64 percent of goods and commodities on which trading is conducted declined. In the third quarter, as

compared to the first, sales of automotive gasoline fell off by a factor of more than six; round timber—by a factor of three; trucks—by 15 percent; television sets—by a factor of two; and video recorders—by a factor of 2.7. Trade deals involving many food products are now in single digits; turnover with respect to butter, vegetable oil, and sugar is minimal.

Exchange prices for products exceed industry wholesale prices by a factor of two or more. Over the three elapsed quarters of 1993 prices with respect to individual commodities were as follows (thousand rubles per tonne):

	I Quarter	II Quarter	III Quarter	III Quarter as a Percentage of II Quarter	II Quarter as a Percentage of I Quarter
Automotive gasoline	17	79	109	138	4.6-fold
Diesel fuel	58	67	106	158	116
Coal	1.5	4.8	4.7	98	3.2-fold
Finished rolled metal	43	132	185	140	3.1-fold
Steel	55	63	97	154	115
Round timber—per cubic meter	3.9	8.1	11.3	140	2.1-fold
Sawn lumber	7.8	12.3	20.5	167	158
Paper	49	59	124	2.1-fold	120

#### DELOVOY MIR Economic Statistics, 2 December

944E0310A Moscow DELOVOY MIR in Russian  
2 Dec 93 p 4

[Report on the Russian Federation economic statistics, by Valeriy Galitskiy, Aris Zakharov, and Aleksandr Frenkel, the Russian State Committee on Statistics: "No Stabilization in Sight Yet"]

[Text]

#### Prices for Consumer Goods and Services

Since the beginning of November, prices for consumer goods and services rose by 11.1 percent. Price rate increases over the third week of the month differed by individual economic regions by 2.4-2.7 percentage points. The greatest rise in prices for goods and services over the week was registered in the cities of the Volga region and Kaliningrad Oblast—4.4 percent and 4.7 percent; the smallest—in the cities of the Central Chernozem region (2.0 percent).



**Foodstuffs.** Over the third week of November, prices for 70 basic foodstuffs rose by 3.1 percent. Price changes by main categories of food products in organized trade and at city markets are shown below:

	As a Percentage of the Preceding Observation Date		
	Total	Including	
		in Organized Trade	at City Markets
All food products	103.1	102.9	103.9
including:			
Meat and meat products	101.7	101.9	101.1
Butter	103.4	103.4	103.4
Vegetable oil	104.9	105.9	99.7
Milk and milk products	104.6	104.5	105.1
Eggs	106.3	106.4	104.6
Sugar	99.7	99.6	101.4
Bakery products	102.5	102.5	
Cereals and macaroni items	104.0	104.0	103.8
Vodka	101.6	101.4	104.8
Potatoes and vegetables	108.3	103.9	113.8

In organized trade, prices for some varieties of fish products, sour cream, cottage cheese, eggs, vegetable oil, and potatoes rose by 6-11 percent. As compared to the preceding week, prices rose almost 1.5-fold with respect to milk products in Magadan and Norilsk; eggs in Vorkuta, Chelyabinsk, and Tyumen; vegetable oil in

Petrozavodsk, Yaroslavl, and Tomsk; and potatoes in Samara, Tyumen, and Kyzyl.

Prices for sausages, cheese, rye bread, wheat bread made of category I and II flour, and vodka rose by no more than 2 percent. Sugar prices remained practically unchanged.

At city markets, the trend toward higher prices for vegetables, fruit, and dairy products continued (5-22 percent). Prices for meat products and vegetable oil remained practically unchanged.

**Nonfood items.** Prices rose by 2.5 percent. The most perceptible price rise occurred with respect to sewn items—3.3 percent. Prices for fuel sold to the population and knitwear rose by 2-2.4 percent, footwear and cultural and household goods—by 1.5 percent.

**Services.** Prices for paid services to the population rose by 3.6 percent. Apartment rents in state-owned housing over the week went up on average for Russia by 41.2 percent, which is due to a sharp rise of apartment rents in Balakovo (from 13 kopeks to 7 rubles [R] per square meter, that is, by a factor of 53). In other cities in Russia, apartment rents this week remained practically unchanged. In 60 percent of monitored cities the rent per one square meter amounted to 13-20 kopeks; in 14 cities—more than R10; and in Norilsk, Magadan, and Surgut—between R50 and R100.

Since the beginning of the month, prices for foodstuffs rose by 10.7 percent, for nonfood items—by 11.7 percent, and for paid services to the population—by 14.5 percent. Among foodstuffs, the greatest price increases were registered with respect to products of plant-growing and eggs (19-24 percent); among nonfood items—sewn items and fuel sold to the population (13 percent and 14 percent).

The weekly changes in prices and fees over the past four weeks are shown below:

	As a Percentage of the Preceding Observation Date			
	11/02	11/09	11/16	11/23
Rates of price increases for basic goods and services	104.5	103.1	103.4	102.9
including:				
food items	104.0	102.8	103.4	103.1
nonfood items	103.3	103.7	103.3	102.5
paid services to the population	113.3	102.7	103.7	103.6

### The State of the Consumer Market

According to the data of continuous observations in the stores of the Russian Federation constituent republic capitals, okrug, kray, and oblast centers, as of 22 November the coefficient of store saturation with basic foodstuffs stayed at last week's level—2.7. Beef was

absent in the stores of 67 percent of the cities, vegetable oil in 58 percent, eggs in 32 percent, sugar in 23 percent, cream butter in 19 percent, and bologna in 14 percent.

Changes in the volume of sales and inventories of basic food items over the indicated period are characterized by the following data:

	As a Percentage of the Preceding Week		Store Saturation Coefficient	
	Sales	Inventories	11/15/93	11/22/93
Beef	107	119	2.1	2.1
Bologna	98	81	3.3	3.3
Milk	106	104	3.0	3.1
Cream butter	93	99.5	3.2	3.2
Eggs	110	88	2.8	2.8
Vegetable oil	105	109	2.3	2.3
Sugar	80	131	3.1	3.1

Disruptions in milk supply have been observed in Kursk, Samara, Makhachkala, Vladikavkaz, Omsk, Khanty-Mansiysk, Krasnoyarsk, and Khabarovsk; disruptions in bread supply have been noted in Pskov, Cherkessk, Omsk, and Aginsk (Aginskiy Autonomous Okrug).

Store saturation with certain items for children remains low. Pants for schoolboys were available for sale in only 28 percent of cities; low boots with textile lining—in 24 percent; and blended wool dresses for schoolgirls—in 14 percent.

#### Sources of Supply of Goods for the Consumer Market

In January-October of this year, R30.7 trillion rubles' worth of consumer goods (99.6 percent of that for the corresponding period of 1992 in comparable prices) entered consumer market. The sources of supply of goods for the domestic market are characterized by the following data:

	January-October	
	1992	1993
Total supply of goods	100	100
of them, delivered to officially registered trade enterprises		
including:		
from wholesale enterprises	46	29
through direct links from industrial enterprises and economic entities	30	32
from cooperatives and persons engaged in individual labor activities	7	7
through middleman trading enterprises	4	5
through one-time deals	6	17
through barter	2	2
through unorganized market	5	8

Privately owned stores received 39 percent of goods through direct links with industrial enterprises and economic entities, and state stores—31 percent; 30 percent of goods are received through the wholesale segment of the trade sector, respectively [as published]; and 12 percent and 22 percent—through commercial middleman trading structures.

#### Industry

Over three weeks of November of this year the daily volume of production of a majority (125 of 152 monitored) of the most important categories of products was below the level of the corresponding period of last year; the share of categories of products where the volume of production has declined is the greatest in the timber-chemical (94 percent) and construction (89 percent) complexes, as well as light (91 percent) and food processing (79 percent) industries.

In the fuel and power generation complex the average daily production of gas over the elapsed period of the month was sustained at the level of the analogous period of last year; last month's level was surpassed by 9 percent, including in such associations as Yamburggazprom—by 16 percent, and Nadymgazprom—by 9 percent.

The output of coal amounted to 16 million tonnes, including 3.3 million tonnes of coking coal, which is 7 percent less than over the analogous period of last year but is 3 percent and 6 percent greater, respectively, than the level of the preceding month of this year. At the same time in eight (out of 36) associations, concerns, and other enterprises of the Rosugol state company, the production level over the elapsed days of November was below that of October, including in the PO [industrial association] Rostovugol and Tulaugol—by 6 percent, and in Kuzbasspazrezugol concern—by 16 percent.

Over 21 days of November, 18 million tonnes of oil was produced, which, based on the average daily output, amounted to 87 percent of the level of the same period of last year and 98 percent of the preceding month of this year. The volume of refining—12 million tonnes—remained practically at the level of the first three weeks of October but was 7 percent below that for the corresponding period of last year.

In ferrous metallurgy since the beginning of the month, production of pig iron, steel, and finished rolled metal fell off by 21-22 percent as compared to the analogous period of last year, and by 4-5 percent as compared to the preceding month; the output of steel pipe declined by 43 percent and 4 percent, respectively. Because of the lack of coking coal, iron ore, and scrap metal, there has been a sharp decline in production at Magnitogorsk metallurgical combine, where the output of pig iron declined almost by half as compared to the level of the two first

10-day periods of last year, and steel and rolled iron—by one-third; as compared to the preceding month, it declined by 30 percent, 22 percent, and 15 percent, respectively.

**In machine building** over the elapsed days of November of this year, the daily output of almost half of the monitored items exceeded the level of the corresponding period of October. This includes the output of alternate current electric motors, woodworking and special metal-cutting lathes, and bulldozers; by comparison, in October the daily production declined as compared with the analogous period of the preceding month.

At the same time, many enterprises in the sector remained idle. For instance, there has been no production of construction tower cranes, main line diesel engines, and drop forges with the numeric program control over the first three weeks of November of this year.

With respect to the majority of categories of machine-building products, the daily output continues to lag behind that for the corresponding period of November 1992; production of large electric machinery, drop forges, automotive graders, tractors, and grain harvesting combines amounted to more than one-half, and of anti-friction ball bearings, trucks, and railcars—33-38 percent of that period's level.

Over 21 days of November, the daily production of most varieties of **chemical, petrochemical, and microbiological industry** products was below the level of the corresponding period of last year. At the same time, with respect to a number of products, the daily output increased as compared to the analogous period of the preceding month; this includes synthetic ammonia, chemical thread and fiber, synthetic rubber, and calcinated soda—by 1-5 percent; and of caustic soda, microbiological fodder protein—by 10-15 percent.

The average output of mineral fertilizer amounted to 86 percent of the level of the first two 10-day periods of October of this year and 73 percent of that for November 1992.

As compared to the corresponding period of November of last year, petrochemical industry enterprises decreased the output of tires for passenger cars by 15 percent, for trucks by 30 percent, and for agricultural vehicles by two-thirds.

**In the timber, woodworking, and pulp and paper industry** the level of the first three weeks of November of last year has not been reached in any of the major categories of timber products, and the average daily production of commercial timber over the elapsed period of November declined by more than one-third. The crippled raw material base and the sector's low technological level resulted in a reduction by more than one-quarter in the output of sawn lumber, wood fiberboard, and cardboard, and by 41-56 percent of shaft slab, mine props, matches, and cellulose.

Over the elapsed three weeks of November of this year, production of a majority of the most important categories of construction materials continued to decline at construction industry enterprises. The greatest lag has occurred in the production of roof slate and asbestos, where the average daily output as compared to the same period of October fell off by 47 percent and 49 percent, respectively, and to November of last year by 55 percent and 58 percent. The daily production of cement declined by 13 percent as compared to the corresponding period of October and to last year's November—by 5 percent, which is due mainly to rollbacks in the operation of Stroymaterialy Rossiya corporation enterprises and of the Tsementnik limited-liability partnership.

**In light industry** over the elapsed period of November, as compared to the analogous period of the preceding month, the average daily production of all categories of products counted in periodic reports, with the exception of cotton fabrics, has declined. As compared to the same period of November of last year, the output of silk and linen fabrics, burlap, and knitwear has declined by 23-32 percent, and of woolen fabrics and footwear, including that for children—by 41-45 percent.

In the production of **complex home appliances**, the daily output in most categories has declined over 21 days of November as compared to both the corresponding period of October of this year and November 1992. Only the output of refrigerators and freezers increased by 11 percent as compared to the analogous period of last year. Since the beginning of the month there has been no production of washers at the Moscow electromechanical plant and the Nizhniy Novgorod auto plant, and of electric vacuum cleaners at the Ufa machinery production association.

Over the elapsed three weeks of November, as compared to the same period of October, the daily output of most varieties of **food products** counted in periodic reports has dropped off; the greatest decline occurred with respect to production of canned fruit and vegetables—by one-quarter, and butter and salt—by half. The level of the corresponding period of November 1992 has been exceeded only with respect to production of cheeses, canned milk products, granulated sugar, vegetable oil, and tea. At the same time, over the indicated period the average daily output of meat declined by 23 percent, and of margarine and macaroni items—by 30 percent and 37 percent, respectively. The output of mineral water and food concentrates over the same period declined by half.

With respect to such **basic daily necessities** as facial soap, creams, and toothpaste, the November average daily output was below not only that of the preceding month, but also of the corresponding period of last year.

#### **Cargo Awaiting Shipping at Railroads**

As of 1 November 1993, 54.4 million tonnes of goods due to be transported by rail were waiting at enterprises and railroad stations, including 46.3 million tonnes at

track-adjacent loading areas of enterprises and stations, which is 17 percent more than as of 1 November 1992.

Freight is accumulating mainly because of the uncoordinated actions of participants in the transportation process, failure to prepay, and consumers refusing to accept the products shipped to them.

The most significant among the unshipped cargo remainders were the following:

	Remaining Cargo Due To Be Transported by Rail Waiting at Track-Adjacent Loading Areas of Enterprises and Stations as of 1 September 1993, Million Tonnes	As a Percentage of the Corresponding Period of Last Year
Total cargo	46.3	117
including:		
bituminous coal	14.9	138
oil and petroleum products	2.4	209
iron and manganese ore	3.0	121
cement	1.1	86
timber	6.4	99
grain and products of milling	2.7	382
construction cargo	6.8	79

Kemerovo Oblast accounts for 46 percent of the total quantity of bituminous coal awaiting shipping in Russia; Rostov Oblast accounts for 17 percent, and the Republic of Sakha (Yakutia)—7 percent. Thirteen percent of the timber is awaiting shipping in Irkutsk Oblast and the Republic of Komi each, 11 percent and 10 percent in Arkhangelsk and Tyumen Oblasts; Penza Oblast accounts for 65 percent of the remainders of grain and products of milling, Krasnodar Kray for 10 percent, and Kaliningrad, Rostov, and Kaluga Oblasts—for 7 percent, 6 percent, and 4 percent.

#### Vice Premier Zaveryukha Meets Regional Agrarian Leaders

##### Remarks on South Russian Agriculture

944K0355A Moscow SELSKAYA ZHIZN  
in Russian 23 Nov 93 p 1

[Unattributed article: "Make Rural Areas a Priority"]

[Text] A regional conference of leaders of scientific research institutes, large experimental agricultural stations and experimental training farms, and experimental plants of the agro-industrial complex of republics, krays, and oblasts of Southern Russia was held in Krasnodar.

Aleksandr Zaveryukha, deputy chairman of the Council of Ministers-Government, took part in the proceedings of the conference, which was held at the main building of the Kuban State Agrarian University. Speaking to the participants in the conference, the deputy prime minister devoted a considerable part of his speech to the forthcoming elections to the State Duma and the Federation Council; he is candidate for deputy of the State Duma himself. He stated: "Our agro-industrial complex needs not only powerful economic support but also priority recognition." This is why the deputy prime minister believes that the more agrarians are represented in the Federation Council and the State Duma, the sooner the country will come to understand that the rebirth of Russia is only possible if the agro-industrial complex and Russian rural areas are brought back. Aleksandr Zaveryukha announced: "Only in pursuit of this goal did I place my name on the list of candidates for deputies from the Agrarian Party."

#### Criticism of Banking System

944K0355B Moscow SELSKAYA ZHIZN  
in Russian 27 Nov 93 p 1

[Unattributed article: "The Banks and the Peasants"]

[Text] Chelyabinsk—The banking system that exists in Russia does not facilitate the regular operation of the agro-industrial complex. Deputy Prime Minister of the Government Aleksandr Zaveryukha referred to this at a meeting with the agrarians of the Southern Urals. After the end of a regional conference on the issue of preparing and holding popular voting on the draft Constitution of the Russian Federation, he devoted the afternoon to confidential discussions with the managers of farms and farmers.

#### Meeting With CIS Agrarian Scientists

944K0355C Moscow SELSKAYA ZHIZN  
in Russian 30 Nov 93 p 1

[Unattributed article: "Agrarian Scientists Confer"]

[Text] Topical problems associated with agrarian research in the countries of the Commonwealth of Independent States are being discussed at a meeting of the interstate council for issues of agrarian science and information in the agro-industrial complex of the CIS which opened yesterday at the Russian Agricultural Academy.

While greeting participants in the meeting of the interstate council, Deputy Prime Minister of the Russian Federation Aleksandr Zaveryukha stressed that the agricultural scientists of the CIS countries who have the richest experience of cooperation should more vigorously facilitate reforms and the cause of the emergence and development of the foodstuffs market.



### Comments on Agricultural Situation in South Urals

944K0355D Moscow SELSKAYA ZHIZN  
in Russian 2 Dec 93 p 2

[Article by Petr Shcherbakov under the rubric "Agrarian Reform—a Path Toward the Market Economy": "Difficult Meetings in the Land of the Urals"]

[Text] Chelyabinsk Oblast-Kurgan Oblast-Sverdlovsk Oblast-Orenburg Oblast—Recently, members of the Russian Government have begun to take trips throughout the country considerably more frequently. Deputy Prime Minister A. Zaveryukha, who oversees the agro-industrial complex of Russia, has also been active.

This was yet another working trip of the deputy prime minister, this time to four oblasts of the Urals—Chelyabinsk, Kurgan, Sverdlovsk, and Orenburg. Farming conditions here have always been peculiar for economic and social reasons rather than for natural and climatic ones. In short, although agriculture was well developed, secondary attention was paid to it because the leaders of the region knew that in the center they were mostly held accountable for metal, machinery, and missiles. Were there to be failures in agriculture, food-stuffs and necessary raw materials would be brought in from other regions.

The situation has now changed fundamentally. Production at defense enterprises is being abruptly wound down; their conversion is proceeding at a snail's pace, at times resembling the actions of the mistress of a burning house who is totally out of her mind. It is becoming ever more expensive to bring in agricultural products. In a word, the transition to market relations has presented leaders and specialists of all ranks and in all sectors of the oblasts with many tasks, accomplishing which requires a comprehensive, mutually coordinated, and unconventional approach.

It is no accident that the conversation went on in direct relation to economic problems when the leaders of oblasts, republics, and autonomous entities of the Urals Region gathered in Chelyabinsk for the purpose of discussing the progress of preparations for holding a popular referendum on the draft of the new Constitution of the Russian Federation—such was the assignment of the president of Russia to Deputy Prime Minister of the Government A. Zaveryukha.

It could not have been otherwise. Many of the speakers said that holding the referendum successfully is out of the question when the working people of rural areas are not paid wages for months, and not because they work poorly but because it is possible not to pay the peasants on time for the products they sell regardless of what the peasants are—kolkhoz members or farmers, sovkhoz workers, or shareholders.

Many instances of a lawless attitude toward the peasants mentioned at the conference were painful and outrageous. This is why when the draft of a new constitution was discussed, and when individual articles of it were supported or criticized, the hope that an end will finally be put to the power vacuum and lawlessness came through as the underlying topic. I repeat that it was just a hope because, although a majority in our society has grasped the fact that it is no longer possible to go on living by the constitution currently in effect, which was passed some 15 years ago, and that some of its provisions are not compatible with people's power, the haste with which it is being offered for approval to the people infringes to a considerable degree on their rights. Meanwhile, a modern approach toward the interpretation of human and civil rights based on the primacy of the individual over the state is an indisputable advantage of the draft of the new Constitution.

At any rate, for many of them articles of the draft constitution for now remain a mere declaration rather than a specific, perceived law.

However, all the speakers were unanimous on this point, too: the adoption of the new constitution will undoubtedly facilitate the stabilization of the social, political, and economic situation in the country, and will make it possible to perform a transition from a power vacuum to specific, clear-cut, and responsible leadership for the country and its regions.

Referring to the situation of the agrarian sector, A. Zaveryukha quite naturally associated it with the general economic situation in the country. The projected rate of decline of the gross product of agriculture will come to about 5 percent this year. A good harvest of grain, potatoes, and other crops has been grown. We have succeeded in slowing down the rate of decline in the production of animal husbandry. Compared to last year, the productivity of cattle and poultry increased somewhat. On farms of all categories, the number of head of the dairy herd has stabilized at the 1992 level owing to growth on peasant farms and personal plots, at which the rate of growth came to 55 and 13 percent, respectively. The stock of poultry increased 8 percent. Incidentally, milk production in Chelyabinsk Oblast has increased by 7,700 tonnes, that of wool—by 117 tonnes. Their procurement has increased by 5 and 18 percent, respectively.

Nonetheless, crisis phenomena and the overall decline in the volume of production have not been successfully overcome. A trend toward a reduction in planted areas gives rise to particular concern; this was discussed at conferences in all four oblasts of the Urals. Some 2.8 million hectares were left unsown for the harvest of this year. It is not certain that this number will be reduced next spring, because this fall 4.2 million hectares less were planted in winter grains, and 5 million hectares less fall fallow was plowed.

Many territories, especially in the Urals and Siberian Regions, were unable to fully lay in the seed stocks of grains and potatoes.

The situation is poor in regard to the provision of mineral fertilizer. It is already clear that at best, each hectare will be able to receive 30-32 kilograms of fertilizer toward the future crop, or one-third of the optimal norm, taking into account the available reserves and the expected receipt of mineral fertilizer, and then only if there are funds in the farm accounts.

By all signs, said A. Zaveryukha, a difficult wintering lies ahead for animal husbandry. As of the beginning of November, 53.9 million feed units in coarse and juicy fodder had been stored in the country. This amount is clearly inadequate even if we take into account the fact that 1.4 quintals more fodder per conventional head has now been stored.

During his trip, the deputy prime minister of the Government of the Russian Federation met not only with the leaders of the agro-industrial complex of the oblasts. He visited the South Urals and Urals Scientific Research Institutes of Agriculture and the Ordzhonikidzevskiy Sovkhoz in Sverdlovsk Oblast, met with the employees of the Kurganselmash and Agromash Plants (Yekaterinburg), and visited the Sredneuralskaya Poultry Farm in Sverdlovsk Oblast.

I am sure that these meetings were especially useful and extremely difficult for A. Zaveryukha. After all, he had to answer direct questions close up, without diplomatic ways and smooth phrases.

"Why has agrarian science ended up as a stepchild of the government?"

"How does the leadership of the country intend to develop the agro-industrial complex in the future without modern technologies?"

"When will the farms be paid the debts owed for their products?"

The last question was heard particularly often. After all, it is not just the financial and economic standing of the rural producers of goods that hinges on its resolution, but also their solvency, and therefore the opportunity to buy machinery, fertilizer, new technology, and equipment. In other words, the broken chain of mutual relations between partners in the agro-industrial complex may be joined only by money. An abnormal situation has developed which requires a radical solution, and the government is taking specific steps in this direction.

First of all, the plan is to eliminate arrears in funding for the agro-industrial complex as much as possible before the end of the current year. The necessary financial and credit funds are being allocated in order to pay back the existing debt of procurement agents. In 1994, measures in effect as state support for the rural producers of goods will continue.

Deputy Prime Minister of the Government of Russia A. Zaveryukha stressed: "At the same time, we must clearly grasp that a market economy means continuous harsh competition among producers. Those who cannot turn out high-quality inexpensive products will have to yield to stronger competitors."

### **Altay Faces 'Inevitable Disaster' From Freezing Weather**

*LD2112112393 Moscow Mayak Radio Network in Russian 1000 GMT 21 Dec 93*

[Text] The administration of Barnaul has appealed to citizens to economize on heat and electricity on the eve of the expected minus 50 degree Christmas frosts. However, this and other emergency measures being adopted here can hardly reduce the consequences of an inevitable disaster. Barnaul, like other main towns in Altay Kray such as Biysk and Rubtsovsk, is on the verge of freezing. Because of the inability of consumers to pay, supplies of coal and fuel oil to the region have been cut off. Fuel stocks, even with the most economical use, will last only a few days.

### **Gas Pipeline in Bashkiria Blows Up**

*PM2112111993 Moscow ROSSIYSKAYA GAZETA in Russian 21 Dec 93 First Edition p 1*

[Unattributed report under "Yesterday, Today, Tomorrow" rubric: "Gas Pipeline Explosion"]

[Text] A mighty explosion occurred Sunday night on a gas pipeline in the Bashkirian metalworking city of Beloretsk as the result of a leak and buildup of gas.

The flames shot up 150 meters. There was a major break in the 70 cm pipeline, and gas started escaping into the atmosphere.

### **'Rossiya' Transport Company Chief Interviewed**

*PM2112130593 Moscow ROSSIYSKAYA GAZETA in Russian 18 Dec 93 First Edition pp 1, 8*

[Interview with Aleksandr Larin, leader of the "Rossiya" state transport company, by Ruslan Ignatyev; date and place of interview not stated: "Aircraft for the President"—first five paragraphs are introduction]

[Text] By an edict of the Russian Federation president the Russian Federation Ministry of Transport Civil Aviation's independent aviation detachment has been transformed into the "Rossiya" state transport company.

It is virtually impossible to enter the territory of this special establishment without special authorization. The establishment is assiduously guarded. And that is no accident. "Rossiya's" services are used by the president and the country's top officials. Yesterday, when we arrived here, a TU-134 aircraft was being prepared for Vice Premier Yegor Gaydar's flight to Budapest.

Various types of aircraft were lined up on the airfield. They were all united in the fact that on the side of each aircraft in large letters is the word "Rossiya." Each of these airliners could be needed at any moment for a trip by the president. The aircraft were frozen in expectation, waiting for instructions and crews....

This was the first time we journalists had been given an opportunity to visit the president's aircraft and to photograph its interior. The IL-62 interior was spacious, with every home comfort. There were carpets on the floor. The first saloon has several rows of seats. The next has been fitted out as a conference hall. And the last is intended for the entourage. The aircraft has a special rest room for the president. Special telephone communications are installed here. The president can link up directly with any city in the world from on board the aircraft. A few other aircraft of various makes are equipped in the same way.

What types of aircraft does the president use most often? I put this question to Aleksandr Larin, leader of the "Rossiya" state transport company.

[Larin] The president has at his disposal aircraft like the IL-62, TU-154, TU-134, and YAK-40 and the MI-8 helicopter. Depending on where the president intends to fly, the appropriate aircraft is chosen. For instance, he flew to Brussels on an IL-62. Incidentally, this aircraft is used mainly on international flights. Not all our domestic airports can take this liner. For instance, the flight to Vladikavkaz was on a TU-154 and the flight to Yakutia on an IL-62. The helicopter is used in a number of regions. Such a large pool of aircraft is needed to ensure that the Russian president can be transported to anywhere in the world.

[Ignatyev] How swiftly are you prepared to provide a flight for the president?

[Larin] After receiving the order if it is an emergency flight as a rule a crew can be ready to fly within an hour. In the majority of cases we are notified in advance of the president's intentions by his apparatus.

[Ignatyev] In connection with the president's edict you have acquired a different status. Why was it necessary to change from an independent aviation detachment into an integral company?

[Larin] It is a requirement of the times. Yes, there was an independent aviation detachment. It used to have a number: 235. Working in it was considered not only prestigious but also materially advantageous. At the time a large amount of money was paid to it from the state coffers. No one counted the amount. The high-ranking officials' special patronage made the detachment an elite one. Of course, high-class professionals worked in it but their colleagues' attitude toward them in those years was, let us say, unique. And the time came when alternative companies and commercial structures appeared. Sheremetyevo, Vnukovo, and Domodedovo became independent associations. The wages of pilots and engineers

in the newly formed structures increased drastically. But the 235th government detachment depended on the budget, so there could be no question of increasing wages. It had one privilege left—always being ready to take off. And that meant strict discipline, enormous responsibility. People started to leave the detachment. Naturally in this situation it became hard to perform the tasks facing the aviation detachment. Then we asked the president to allow us to engage in commercial activity.

[Ignatyev] In other words by turning into a company you became legally independent. What did that give you?

[Larin] We began to earn money for ourselves, rejecting state subsidies. We had the opportunity to expand and acquire new equipment. After all, the 235th detachment had been using obsolete aircraft. And the state leader's image is formed in particular from the kind of aircraft in which he flies. That is why the company has now acquired modern aircraft: A TU-204, IL-96, and a French Falcon model—the latest model—and an AN-74 and our renowned "Ruslan" transport airbus. In the very near future we will acquire an IL-76 and a Boeing 767. And whereas now the president, when he sets off for some country on a visit, uses two freight aircraft to ship his automobiles, with the commission of the AN-124 "Ruslan" there will no longer be any need for this. This aircraft can accommodate a whole convoy of passenger vehicles.

[Ignatyev] How do you earn money?

[Larin] With the formation of the company by special directive apart from our main work—transporting the president and other top officials—we provide our services to bankers, dealers, and businessmen, not only Russians but foreigners. Thus a very well known U.S. firm uniting 40 leading U.S. companies recently asked us to give them an opportunity to fly on our aircraft. We agreed. A very large number of applications is coming in. We also do emergency flights. Recently two dealers were late for their aircraft and asked us to transport them immediately to Mariupol. In general, anyone can come to us now. Our prices are no higher than those of any commercial air company. On the other hand, we provide every comfort, a high standard of passenger service, and punctuality. The "Rossiya" state transport company can provide flights to any country of the world in any weather conditions.

[Ignatyev] Who pays for the special flights to transport the president and government members?

[Larin] The president pays like other officials for each flight. In this case he has refused all privileges.

[Ignatyev] Aleksandr Aleksandrovich, one last question. Who do you take on to fulfill such responsible tasks?

[Larin] Only highly professional people. Pilots must have a first-class rating and a large amount of experience.

They come to us after the relevant practice. We also have strict requirements for air stewards and other service personnel.

### **Chkalov Aircraft Plant Converts To Civilian Products**

*PM2112121793 Moscow Russian Television Network in Russian 1100 GMT 19 Dec 93*

[From the "Vesti" newscast: Video report by A. Peslyak, identified by caption; figures in brackets denote broadcast time in GMT in hours, minutes, and seconds]

[Text] [110229] [Video shows exterior of aircraft works] [Peslyak] Here they used to produce YAK and MiG warplanes whereas now, under the banner of conversion, the Chkalov civil aviation production association has been set up. The path of peace means flying with two wings. One is the production of civil aircraft such as this new An-38 aircraft, while the second is that they also make routine household articles for everyday life. From the production waste they make cornices, locks, toboggans, toys, and even more varied and technical things....

[A. Petrov, director of the Chkalov Scientific and Aviation Civilian Production Association] We make combine harvesters for silaging, "Kedr" washing machines, and universal cabs for automatic and gantry cranes.

[Peslyak] Eight hundred people work at the plant, also making here types of packaging for groats and baked goods, milk containers, and milking machines. They account for as much as one-fifth of the value of the output of the entire aviation association. The salary is about 60,000 rubles, which is the same as in other plants to ensure there is no loss of personnel. Nowadays the

plant itself is seeking investors and customers. It has found companies in the United States and Germany to engage in joint production of modern silk processing equipment. While this is perhaps the most difficult problem for the management, it is a good advertisement for Russian customers.

[Petrov] The situation is that it is generally easier for us to produce than to sell. [Video shows plant interior, interview] [110342]

### **New Tunnel Will Increase S. Urals Railroad Capacity**

*PM2112102193 Moscow IZVESTIYA in Russian 18 Dec 93 First Edition p 2*

[Aleksey Chelnokov report from the "From Our Correspondents and News Agencies" roundup: "Mednogorsk Tunnel Constructed and Tested"]

[Text] A train has safely completed a test run through the Mednogorsk tunnel. With its construction, cargo traffic on the Southern Urals Railroad will increase drastically.

Two lines have been laid in the tunnel, which is 320 meters [as published] long. Only on the Baykal-Amur Mainline can another such construction be found in Russia. Up until now, trains have run through a single-track tunnel constructed back in 1913 by Austrian prisoners. But heavy congestion on this segment of the track forced the construction of another line. The Mednogorsk tunnel has the very greatest significance for the industry of the country's central regions. The point is that the Orsk-Khalilovskoye nickel and copper deposits lie on the other side of the southern Urals mountain range, as does the Orsk Nonferrous Metals Combine.



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